Financial Services Commission of Ontario

ANNUAL REPORT •

# FINANCIAL SERVICES COMMISSION OF ONTARIO

Working with stakeholders to support a strong financial services sector.

2009 - 2010

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# Message from the Chair

***John M. Solursh***
***Chair***
Financial Services Commission of Ontario
Financial Services Tribunal

It is a pleasure to present the 12th annual report of the Financial Services Commission of Ontario (FSCO), which covers the year ending March 31, 2010. The following pages describe how FSCO has fulfilled its mandate to protect the public interest and enhance public confidence in the regulated sectors – insurance, pension plans, credit unions and caisses populaires, loan and trust companies, mortgage brokerages and administrators and co-operative corporations.

The prospects for the Ontario economy, and the financial services industry within it, were less uncertain as the year ended than when it began. While Ontario was hit hard by the recession, there were clear signs that the economy was stabilizing and recovery was taking shape. The financial and economic crisis that emerged in fall 2008 generated broad economic pressures that had a negative impact on financial sectors such as insurance, pension plans and lending institutions. By year end, financial markets had become more stable and sales of financial products and services were starting to rebound. Despite the positive trends, however, the world economy remained fragile, representing a threat to Ontario's ongoing recovery.

During the turbulent economic conditions of the past 18 months, FSCO has remained vigilant and flexible, intensifying financial oversight where necessary and putting a stronger focus on the protection of consumers and pension plan members. At the same time, FSCO has maintained its core regulatory activities to achieve the vision of being a progressive and fair regulator working with stakeholders to support a strong financial services industry.

## Risk-Based Oversight

FSCO's risk-based approach to regulation proved a solid foundation for responding to the financial and economic crisis. FSCO took action to identify and then manage issues posing the highest risk of harm to the public.

During 2009-2010, on-site examinations or desk reviews of all Ontario-incorporated insurers were conducted to ensure that obligations to policyholders could be met. FSCO kept a closer watch on the performance of eight insurance companies by monitoring monthly indicators and meeting frequently with management and in some cases board members to resolve concerns. To protect the pension promise, FSCO performed on-site examinations of 30 pension plans – more than double the previous year's total.

## Modernizing the Regulatory Framework

Ontario continues to modernize its regulatory framework to reflect global market standards and create a climate that is attractive to business while protecting consumers and investors. In line with government priorities, FSCO focused efforts in 2009-2010 on reforming auto insurance, strengthening the pension system and implementing the new regulatory regime in the mortgage brokering sector.

In 2008-2009, FSCO conducted the first five-year review of Ontario's automobile insurance legislation and regulations, as mandated by statute. In November 2009, the Minister of Finance announced a package of auto insurance reforms based largely on recommendations from the review that will take effect September 1, 2010. FSCO worked with stakeholders to implement the reform package through a steering committee and a series of working groups on key activities such as developing new rate filing guidelines and planning consumer information initiatives.

During the year, FSCO continued to provide input to the Ministry of Finance on pension reforms to respond to immediate challenges and begin to modernize the pension system for the longer term. In June 2009, the government approved regulatory changes to provide defined benefit pension plans with temporary solvency funding relief. One hundred forty pension plans have taken advantage of these measures, freeing resources for operations. Later, in December 2009, the government introduced amendments to the *Pension Benefits Act*, the most significant pension reform package in Ontario in more than 20 years. The measure builds on the recommendations in the final report of the Expert Commission on Pensions.

The mortgage brokering sector continued to transition to the new regulatory system created by the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, proclaimed in force July 1, 2008. While keeping up efforts to educate mortgage broker stakeholders and consumers about the Act and regulations, FSCO closely monitored compliance with the new requirements. The legislation provides FSCO with a new enforcement tool, administrative monetary penalties, which have been imposed where mortgage brokerages failed to obtain errors and omissions insurance or file annual information returns.

## Coordinated National Approach

FSCO promotes a coordinated national approach to financial services regulatory issues through ongoing collaboration with other regulators. For example, in June 2009, the Canadian Association of Pension Supervisory Authorities, with FSCO as a member, released the final version of the proposed Agreement Respecting

Multi-Jurisdictional Pension Plans. Once adopted, the proposed agreement will provide clear rules for the administration and regulation of pension plans with members in more than one jurisdiction, whether federal or provincial. In March 2010, the Ontario government introduced legislative amendments that will enable the Minister of Finance to sign the new agreement.

### Continuous Improvement

Continuous improvement in service to the industry and the public remains a priority at FSCO.

During the year, FSCO worked with automobile insurance stakeholders to make the rate filing approval process more efficient, effective and transparent. Updates were made to ARCTICS, FSCO's web-based filing system, which was used for more than 80 per cent of filings in 2009-2010 and will become mandatory as of 2011.

FSCO's dispute resolution services represent a cornerstone of Ontario's no-fault automobile insurance system. The volume of mediation applications rose 29 per cent in 2009-2010, surpassing 22,000. Mediation continues to deliver results for the parties, with a full or partial settlement achieved in 68 per cent of cases, up from 64 per cent the previous year.

FSCO has embarked on a multi-year project on improving pension regulatory services to enhance communication with pension stakeholders and increase stakeholder involvement in FSCO's pension activities. Highlights during 2009-2010 included the integration of pension stakeholders into FSCO's annual planning process, and creation of an advisory committee representing pension plan administrators.

Consumer information is fundamental to FSCO's consumer protection role. In 2009-2010, a Financial Literacy Portal was launched on FSCO's website, creating a single window to a host of educational resources that can help consumers become better money managers.

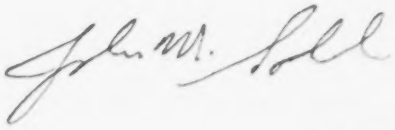
### A Culture of Dialogue

Since its inception 12 years ago, FSCO has fostered and benefited from a culture of partnership and dialogue with a wide array of stakeholders, from consumers and pension plan members to financial service providers and other regulators. Keeping lines of communication open helps FSCO gain a thorough understanding of the regulated sectors and the issues they face. In 2009-2010, these relationships deepened as FSCO worked with stakeholders to meet the challenges brought on by the global financial and economic crisis.

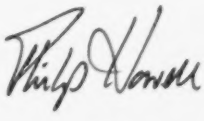
We would like to take this opportunity to thank the many stakeholder representatives who took part in projects or consulted with FSCO during the year. Their input and advice have been essential to the achievement of FSCO's objectives. We also salute FSCO's employees, whose expertise and dedication to public service are FSCO's most valuable assets.

FSCO is firmly committed to fulfilling its mandate to protect the public interest and enhance public confidence in the regulated sectors. We look forward to working with our many stakeholders to support a strong financial services industry that makes a vital contribution to Ontario's economy and quality of life.

***Philip Howell***
***Chief Executive Officer and***
***Superintendent of Financial Services***
Financial Services Commission of Ontario



Chair
Financial Services Commission of Ontario
Financial Services Tribunal



Philip Howell
Chief Executive Officer and
Superintendent of Financial Services
Financial Services Commission of Ontario

# FSCO's Mandate, Governance and Resources

An agency of the Ministry of Finance, the Financial Services Commission of Ontario (FSCO) regulates insurance, pension plans, loan and trust companies, credit unions, caisses populaires, mortgage brokerages and administrators, and co-operative corporations in Ontario. FSCO was established by the *Financial Services Commission of Ontario Act, 1997* (FSCO Act).

FSCO has a mandate to provide regulatory services that protect the public interest and enhance public confidence in the regulated sectors. As an organization, it is committed to being a progressive and fair regulator, working with stakeholders to support a strong financial services industry.

FSCO has a three-part structure, comprised of the Commission, the Superintendent of Financial Services and staff, and the Financial Services Tribunal.

## COMMISSION PURPOSES AND MEMBERS

As provided by the FSCO Act, the Commission includes five members: the Chair and two Vice-Chairs appointed by the Lieutenant Governor in Council under the FSCO Act; the Director of Arbitrations in the automobile insurance dispute resolution system, appointed by the Lieutenant Governor in Council under the *Insurance Act*; and the Superintendent of Financial Services appointed under the *Public Service of Ontario Act, 2006*. The Superintendent is also FSCO's Chief Executive Officer (CEO).

According to the FSCO Act, the purposes of the Commission are to:

- provide regulatory services that protect the public interest and enhance public confidence in the regulated sectors
- make recommendations to the Minister of Finance on matters affecting the regulated sectors and
- provide the resources necessary for the proper functioning of the Financial Services Tribunal.

The members of the Commission during 2009-2010 were:

- John M. Solursh (Chair)
- Anne Corbett (Vice-Chair)
- Florence Holden (Vice-Chair)
- Asfaw Seife (Director of Arbitrations) – *until May 3, 2009*
- Tom Golfetto (Director of Arbitrations) – *appointed May 4, 2009*
- Bob Christie (Superintendent of Financial Services and CEO) – *until August 18, 2009*
- Philip Howell (Superintendent of Financial Services and CEO) – *appointed August 19, 2009*

### Superintendent and Staff

Under the FSCO Act, the powers and duties of the Superintendent of Financial Services are to:

- generally supervise the regulated sectors
- administer and enforce the FSCO Act and other legislation governing the regulated sectors and
- be responsible for FSCO's financial and administrative affairs.

**FSCO Staff Committees**

| Committee | Functions |
|---|---|
| **Executive Committee** | Provides strategic leadership and direction to the organization and makes recommendations and decisions on organizational matters including financial and human resource issues. |
| **Corporate Management Committee** | Leads and participates in strategic initiatives established by the Executive Committee; develops solutions to address policy and other matters identified by the Executive Committee; and coordinates and assists the Executive Committee in organizational priority setting, resourcing and operational planning. |
| **Corporate Policy Coordination** | Coordinates policy issues across sectors, leads policy development items through the conceptual stages, and coordinates the flow of corporate policy items to the CEO. |
| **Auto Insurance Policy** | Examines auto insurance policy issues and makes recommendations to the CEO. |
| **Licensing and Market Conduct Policy** | Reviews and discusses policy issues concerning licensing and market conduct and makes recommendations to the CEO. |
| **Pension Policy** | Discusses issues involving pension policy and makes recommendations to the CEO. |
| **Compliance Coordination** | Shares information between FSCO's program areas and coordinates regulatory efforts concerning market conduct in the financial services industry. |
| **Audit** | Oversees the quality of FSCO's internal controls to ensure compliance with policies and procedures; ensures FSCO has implemented appropriate systems of internal control over financial reporting. |
| **Local Employee Relations** | Fosters ongoing, effective and productive communication between FSCO and the Ontario Public Service Employees Union (OPSEU). |
| **Health and Safety** | Promotes a healthy and safe work environment at FSCO in accordance with the government's Occupational Health and Safety Directive. |
| **Business Continuity** | Assists with the development and maintenance of FSCO's business continuity plan and ensures that FSCO's staff and assets are protected in emergencies. |

The FSCO Act provides for the appointment under the *Public Service of Ontario Act, 2006* of employees necessary for the proper conduct of the Commission's affairs. The Superintendent may delegate any of his powers or duties to an employee of FSCO.

## Financial Services Tribunal

The Financial Services Tribunal (FST) is an adjudicative body that holds hearings about decisions proposed or made by the Superintendent of Financial Services under legislation governing the regulated sectors. The Chair and Vice-Chairs of the Commission are also the Chair and Vice-Chairs of the FST. A report on the FST's activities in 2009-2010 appears later in this document.

## How FSCO is Governed

A Memorandum of Understanding (MOU) entered into by the Minister of Finance, FSCO's Chair and the Superintendent of Financial Services/CEO reflects the accountability framework between the Minister and FSCO. The MOU also establishes governance and accountability mechanisms and clarifies roles, relationships and mutual expectations.

The Commission meets quarterly and reviews and approves key planning, strategic and accountability documents including FSCO's:

- Agency Business Plan
- operational plan
- budget
- Results-Based Plan
- Statement of Priorities
- annual report.

Commission members are also invited to attend FSCO's Audit Committee meetings.

FSCO has established a series of internal staff committees on various policy and operational issues. The committees make a key contribution to FSCO's day-to-day activities. In November 2009, the former Senior Management Committee was replaced by the Executive Committee and the Corporate Management Committee.

## Reporting Requirements

### *Financial Accountability*

As an agency, FSCO is granted an annual spending authority through the government planning process, based on organizational needs and government priorities. FSCO files quarterly reports with the government on its spending. The Office of the Auditor General of Ontario audits FSCO's annual financial statements, which appear later in this report.

### *Statement of Priorities*

No later than June 30 each year, FSCO is required by the FSCO Act to deliver a Statement of Priorities to the Minister of Finance and publish it in *The Ontario Gazette*. The Statement of Priorities sets out FSCO's strategic priorities and initiatives for the current fiscal year, together with a summary of the reasons for their adoption. The Statement also includes a report-back to stakeholders on key results from the previous year. Each spring, FSCO posts the draft Statement of Priorities on its website and invites interested persons to make written submissions on the proposed directions.

As expressed in the June 2009 Statement, FSCO's strategic priorities for 2009-2010 were:

- Conduct FSCO's activities in accordance with risk-based principles
- Continuous improvement in the delivery of services
- Foster a coordinated approach to regulatory issues.

### *Annual Report*

Also under the FSCO Act, FSCO must file an annual report with the Minister of Finance each year. This is FSCO's 12th annual report.

## Extensive Stakeholder Engagement

FSCO engages a wide variety of stakeholder groups to keep abreast of changing marketplace realities, develop effective responses to issues and challenges and shape policies to guide the administration of the statutes in its mandate. Stakeholders range from consumers and pension plan beneficiaries, to financial services providers and pension plan administrators, to dispute resolution practitioners, people involved in automobile accidents and the rehabilitation community.

FSCO consults on specific areas and issues through advisory committees and ad hoc groups. Examples of ongoing links include the Consumer Advisory Committee, the Co-operative Sector Liaison Committee, six pension advisory committees, and a committee involving the Registered Insurance Brokers of Ontario. In addition, each year FSCO engages stakeholders in a planning process to develop the annual Statement of Priorities.

## Human and Fiscal Resources

FSCO has 450 permanent staff. The total does not include Information and Information Technology (I&IT) staff who provide services to FSCO but are part of the Central Agencies Cluster in the government I&IT organization.

In 2009-2010, FSCO's expenditures totalled $55.4 million, a 2 per cent increase from the previous year. The spending increase was attributable to FSCO's initiative to improve pension regulatory services, information technology investments and financial obligations under collective agreements.

FSCO is committed to prudent financial management and complied with the government-wide spending restraint measures implemented during the year.

## Recovering FSCO's Costs

The majority of FSCO's costs are recovered from the regulated sectors through a combination of assessments and fees. Under the FSCO Act, the Lieutenant Governor in Council may assess all entities that form part of a regulated sector with respect to expenditures incurred by the Ministry of Finance, the Commission and the Tribunal. Subject to the Minister's approval, FSCO also establishes fees for some of the regulatory services it provides.

# The Regulated Sectors in Profile

Together, the financial services sectors regulated by FSCO represent a large, stable and dynamic industry that underpins Ontario's economy and quality of life. The industry drives economic growth by channelling savings to investment. It is a major employer. And it sustains the financial strength of businesses and other organizations as well as financial security of individuals and families.

The economic downturn that began in fall 2008 affected virtually all industries, including the financial services sectors. Though conditions eased during 2009-2010, much uncertainty remained. FSCO's response to the continuing challenges is described in the **FSCO at Work** section of this annual report.

## INSURANCE

Insurance is a $38 billion a year business in Ontario. Though recovering from the financial crisis in 2009, the industry recorded a total premium volume increase of 6 per cent from the previous year. Slightly more than 50 per cent of all premiums went to life insurance companies, reflecting nearly 8 per cent growth. The business of property and casualty (including automobile) insurers grew by only 4 per cent. Capital levels held up well in most cases. While the industry overall earned a profit in 2009, this result masks a wide variation among companies.

As of March 31, 2010, 365 insurance companies held licences to operate in Ontario. Also licensed were 43,359 insurance agents – including 6,547 general insurance agents, 36,258 life insurance agents and 554 accident and sickness insurance agents – as well as 4,290 corporate insurance agencies and 1,458 insurance adjusters.

**Insurance Companies Licensed in Ontario**

| Business Type | As of March 31, 2010<br># | As of March 31, 2009<br># |
|---|---|---|
| Life | 85 | 93 |
| Property & Casualty | 212 | 219 |
| Other | 68 | 72 |
| Total | 365 | 384 |

**Direct Insurance Premium Volume in Ontario**

| Business Type | 2009<br>$ Billion | 2008<br>$ Billion |
|---|---|---|
| Life | 19.5 | 18.1 |
| Property & Casualty | 18.3 | 17.6 |
| Other | 0.45 | 0.38 |
| Total | 38.3 | 36.1 |

## DEPOSIT INSTITUTIONS, MORTGAGE BROKERAGES, CO-OPERATIVE CORPORATIONS

As of March 31, 2010, Ontario's 187 credit unions and caisses populaires held total assets of $29.7 billion. The trend toward amalgamation continued, with the total assets of credit unions and caisses populaires increasing in 2009-2010 while their number decreased. Total membership remained about 1.6 million.

Pursuant to regulations under the *Credit Unions and Caisses Populaires Act, 1994*, credit unions and caisses populaires are required to maintain adequate regulatory capital, that is, capital equal to at least 5 per cent of total assets. This requirement is based on standards developed by the Bank for International Settlements. On March 31, 2010, regulatory capital in support of deposits represented 7.34 per cent of system assets, an increase from 7.12 per cent on the same date in 2009 and 7.19 per cent in 2008.

As of March 31, 2010, 56 loan and trust companies were registered to operate in Ontario, down from 57 a year earlier. All were federally incorporated, which is a requirement for registration.

Also at year end, Ontario had 1,353 licensed mortgage brokerages, with 2,788 brokers and 8,165 agents. The number of mortgage brokerages was virtually unchanged from 1,351 a year earlier. Eighty-three mortgage administrators were licensed in the province, up from 68 the year before. According to annual information returns, mortgage brokerages arranged more than 220,000 mortgages with a total value of more than $58 billion during the period from January 1 to December 31, 2009.

A co-operative is a corporation that carries on an enterprise on a co-operative basis as defined under the *Co-operative Corporations Act*. There were 1,633 co-operative corporations in Ontario as of March 31, 2010, up from 1,605 a year earlier. Thirty-two new co-operatives incorporated during 2009-2010 – 17 in services, five in housing development and one in each of housing, marketing and farming – as well as one consumer, four worker and two nursery/daycare co-operatives.

| Ontario Credit Unions and Caisses Populaires | | |
|---|---|---|
| **Measure** | **As of March 31, 2010** | **As of March 31, 2009** |
| **All Institutions** | | |
| Number | 187 | 194 |
| Assets | $29.7 billion | $28.2 billion |
| Membership | 1,630,762 | 1,664,662 |
| **Institutions with Assets over $50 Million** | | |
| Number | 94 | 94 |
| Assets | $28.3 billion | $26.7 billion |
| Membership | 1,479,139 | 1,498,682 |

| Mortgage Brokerage Activities in Ontario* | | |
|---|---|---|
| **Mortgages Arranged** | **2009** Number | **2009** Value |
| Residential | 216,727 | $46.6 billion |
| Commercial | 3,556 | $11.5 billion |
| Total | 220,283 | $58.1 billion |

** Based on annual information returns (AIR). About 80 per cent of mortgage brokerages filed an AIR.*

## PENSION PLANS

Employment pension plans represent an important source of income for retirees and a significant way to save for retirement. As the second-largest source of investment capital in Canada after the chartered banks, pension plans contribute to economic growth. Moreover, a strong pension system helps attract and retain highly skilled workers, making Ontario employers more competitive.

Pension plans fall into one or more of the following categories:

- **Defined benefit plans** provide a pre-determined level of benefits during retirement.
- **Defined contribution plans** set the amount of contributions and provide benefit payments based on the amount of pension that can be purchased with the accumulated contributions plus investment returns.
- **Multi-employer pension plans (MEPPs)** are generally established in industries or trades where workers tend to change employers frequently and have a common union affiliation (for example, carpenters or painters). In the public sector, MEPPs cover groups like teachers or municipal workers and are based on legislation. MEPPs can be either defined benefit or defined contribution plans.
- **Jointly-sponsored pension plans** are defined benefit plans where the employer (or employers) and the members jointly share responsibility for the plan including funding any deficits as they arise. These are mainly public sector plans and can be either single employer or multi-employer plans. This category of plan will be reported separately in next year's annual report.

In 2009-2010, the number of pension plans remained relatively stable, totalling 7,835 as of March 31, 2010 compared with 7,848 one year earlier. Total active plan membership increased less than one per cent to 2,184,000. Active plan members are those currently earning pension benefits. Plan membership also includes retired members, deferred members and other beneficiaries.

While MEPPs represented only about two per cent of registered plans at year end, they accounted for 47 per cent of active plan members, consistent with previous years. Defined benefit plans, single-employer and multi-employer, accounted for 83 per cent of active plan members, also in line with prior years.

The market value of assets in Ontario-registered pension plans was estimated at $320 billion in 2008, reflecting a 17 per cent decrease from $386 billion in 2007. In both years, 97 per cent of assets were held in defined benefit plans.

The majority of defined benefit plans faced a decline in solvency as a result of the drop in the value of investment portfolios, as well as low long-term interest rates. A market recovery in 2009 led to improvement in the funded status of pension plans – a trend that will be reflected in FSCO's reporting next year.

**ONTARIO-REGISTERED ACTIVE PENSION PLANS AND MEMBERSHIP**

| Pension Plan Type | As of March 31, 2010 | | As of March 31, 2009 | |
|---|---|---|---|---|
| | # | % of Total | # | % of Total |
| **Single-Employer Plans *** | **7,708** | **98%** | **7,721** | **98%** |
| **Defined Benefit Plans *** | 4,391 | 56% | 4,362 | 55% |
| **Members** ** | 1,535,000 | 40% | 1,529,000 | 40% |
| Active Members *** | 816,000 | 37% | 821,000 | 38% |
| Retired Members, Deferred Members and Other Beneficiaries **** | 719,000 | 43% | 707,000 | 44% |
| **Defined Contribution Plans *** | 3,317 | 42% | 3,359 | 43% |
| **Members**** | 390,000 | 10% | 378,000 | 10% |
| Active Members *** | 339,000 | 16% | 332,000 | 15% |
| Retired Members, Deferred Members and Other Beneficiaries**** | 51,000 | 3% | 46,000 | 3% |
| **Multi-Employer Plans*** | **127** | **2%** | **127** | **2%** |
| **Defined Benefit Plans*** | 86 | 1% | 88 | 1% |
| **Members**** | 1,864,000 | 49% | 1,824,000 | 48% |
| Active Members*** | 1,000,000 | 46% | 989,000 | 46% |
| Retired Members, Deferred Members and Other Beneficiaries **** | 864,000 | 52% | 835,000 | 52% |
| **Defined Contribution Plans*** | 41 | 1% | 39 | 1% |
| **Members**** | 48,000 | 1% | 45,000 | 1% |
| Active Members*** | 29,000 | 1% | 27,000 | 1% |
| Retired Members, Deferred Members and Other Beneficiaries **** | 19,000 | 1% | 18,000 | 1% |
| **Total Pension Plans *** | 7,835 | 100% | 7,848 | 100% |
| **Total Members**** | 3,837,000 | 100% | 3,776,000 | 100% |
| Active Members*** | 2,184,000 | 100% | 2,168,000 | 100% |
| Retired Members, Deferred Members and Other Beneficiaries **** | 1,653,000 | 100% | 1,608,000 | 100% |

* *Percentages express a percentage of the total number of Plans.*
** *Percentages express a percentage of the total number of Members in all Plans.*
*** *Percentages express a percentage of the total number of Active Members in all Plans*
**** *Percentages express a percentage of the total number of Retired Members, Deferred Members and Other Beneficiaries in all Plans.*

*Notes:*
*(1) Membership numbers rounded to the nearest thousand.*
*(2) Percentages may not add due to rounding.*
*(3) Some Defined Benefit Plans are hybrid plans combining defined benefit and defined contribution provisions.*

FSCO delivers regulatory services that protect the public interest, support a strong financial services industry and build public confidence in the regulated sectors. The following overview covers FSCO's core business activities during 2009-2010 in seven key areas:

- Licensing, monitoring and enforcement
- Overseeing pension plans
- Supporting the automobile insurance system
- Resolving disputes over automobile accident benefits
- Developing policy
- Protecting consumers through information
- Getting the most from organizational resources.

## LICENSING, MONITORING AND ENFORCEMENT

FSCO licenses or registers individuals and businesses to provide financial services in Ontario, monitors compliance with legislation and regulations and takes enforcement action where noncompliance is found. These regulatory services protect consumers and build public confidence in the marketplace.

The Superintendent of Financial Services has delegated his authority to render licensing decisions to the Executive Director of the Licensing and Market Conduct Division.

### Application Volume High

To practise in the financial services industry, applicants must meet suitability requirements under the relevant statutes, which may include a qualifying examination and continuing education. FSCO processes and reviews applications to ensure requirements are met. In 2009-2010, the volume of licensing, registration and other applications concerning the provision of financial services totaled more than 36,000.

*Rapid Turnaround*

During the year, FSCO processed 99 per cent of applications for insurance-agent licences and renewals within five business days, provided they were complete and accurate when received – the same high percentage as the year before. Licensing Link – FSCO's Internet application system accessible 24 hours a day, seven days a week – supports the fast turnaround time. Since July 2006, insurance agents have been required to complete all licensing transactions online via Licensing Link whenever possible. Ninety-eight per cent of life-agent licence renewals in 2009-2010 were processed over the Internet – up from 97 per cent a year earlier.

*Mortgage Broker and Agent Licences Renewed*

When the *Mortgage Brokerages, Lenders and Administrators Act, 2006* came into effect in 2008, all mortgage brokers and agents were issued licences with a common expiry date – March 31, 2010. The first renewal cycle for these licences ran from February 1, 2010 until

**Licensing Activities**

| Activity | 2009-2010 # | 2008-2009 # |
|---|---|---|
| **Individuals** | | |
| *New Licences Issued* | | |
| Life Insurance Agents | 4,874 | 4,901 |
| General Insurance Agents | 1,136 | 1,426 |
| Accident and Sickness Insurance Agents | 297 | 217 |
| Insurance Adjusters | 161 | 179 |
| Mortgage Brokers* | 484 | 2,244 |
| Mortgage Agents* | 2,725 | 8,069 |
| *Licences Renewed* | | |
| Life Insurance Agents** | 11,462 | 17,141 |
| General Insurance Agents** | 2,503 | 2,539 |
| Accident and Sickness Insurance Agents** | 165 | 177 |
| Insurance Adjusters | 1,120 | 1,148 |
| Mortgage Brokers*** | 2,432 | - |
| Mortgage Agents*** | 6,868 | - |
| **Corporations** | | |
| *New Licences Issued* | | |
| Life and General Insurance Agencies | 302 | 330 |
| Corporate Insurance Adjusters | 6 | 7 |
| Insurance Companies | 3 | 4 |
| Mortgage Brokerages* | 191 | 1,351 |
| Mortgage Administrators* | 19 | 68 |
| *New Registrations Issued* | | |
| Loan and Trust Companies | - | 5 |
| *Licences Renewed* | | |
| Life and General Insurance Agencies** | 1,428 | 2,258 |
| Corporate Insurance Adjusters | 80 | 93 |

| Licensing Activities (Cont'd) | | |
|---|---|---|
| **Activity** | **2009-2010** # | **2008-2009** # |
| **Co-operatives** | | |
| Offering Statements | 13 | 15 |
| Material Change Relating to Offering | 1 | 3 |
| New Incorporations | 32 | 21 |
| Amendments Relating to Incorporation | 14 | 5 |
| Dissolutions/Cancellations | 2 | 5 |
| Conversion to Corporation | - | 1 |
| **Credit Unions/Caisses Populaires** | | |
| New Incorporations | - | 1 |
| Applications Required for Approval/ Filing (including applications for articles of amendment, name changes, by-law amendments, offering statements, etc.) | 63 | 77 |
| Mergers | 2 | 6 |

* *The number of new licences was high in 2008-2009 because the new regulatory system under the Mortgage Brokerages, Lenders and Administrators Act, 2006 came into effect on July 1, 2008.*

** *Licences are issued for a two-year term. There are high-year and low-year renewal cycles; 2009-2010 was a low year.*

*** *Renewals were high in 2009-2010 because all mortgage broker and agent licences expired March 31, 2010 and had to be renewed prior to that date.*

March 31, 2010. Eighty-six per cent of all brokers and agents renewed their licences by the deadline. The new licence expiry date is March 31, 2012.

## Risk-Based Approach to Supervision

FSCO monitors the solvency of Ontario-incorporated insurance companies and keeps watch over business practices in the financial services industry. Taking a risk-based approach, FSCO concentrates its efforts on areas with the most potential for harm to consumers or public confidence. This approach maximizes the impact of regulatory resources while minimizing compliance costs.

Staff deploy a range of regulatory tools depending on the compliance issues involved. They evaluate industry filings, issue market conduct questionnaires, assess media reports, review and respond to complaints, analyze company complaint data and perform desk and on-site examinations.

### *Closer Prudential Oversight*

**The goal of FSCO's solvency monitoring in the insurance sector is to ensure that obligations to policyholders can be met. Examinations are targeted based on an assessment of risk profiles, financial conditions, risk management systems, internal controls and compliance records.**

In 2009-2010, FSCO conducted six on-site solvency examinations in the insurance industry, as well as desk reviews of all other Ontario-incorporated insurers. While strong compliance with statutory filing and other requirements was found, the problems in the world economy and equity markets have increased the risk of financial failure. FSCO staff met with the senior management and boards of directors of several insurers to ensure that any prudential concerns were promptly addressed.

During the year, the number of insurance companies requiring closer prudential oversight increased from five to eight. FSCO monitored their key monthly performance indicators, such as income, assets, liabilities, investments and equity, as well as the Minimum Capital Test margin.

Examiners kept in frequent contact with the management of these companies and arranged meetings with FSCO senior management where warranted. In the more serious cases, discussions were held with board members about corporate performance and action plans to resolve issues.

In 2009-2010, an Ontario-incorporated general insurance company voluntarily ceased operations but there was no interruption in coverage for Ontario policyholders. Over the past six years, almost a dozen Ontario-incorporated insurance companies have ceased operations or continued under federal or Quebec law for operational and/or strategic reasons.

### *Working with Central 1 Credit Union*

During the year, FSCO and Deposit Insurance Corporation of Ontario (DICO) continued to develop a relationship with Central 1 Credit Union, the new organization created by the June 2008 merger of Credit Union Central of Ontario and Credit Union Central of British Columbia.

### *Promoting Compliance in the Mortgage Brokering Industry*

A home mortgage is the largest financial commitment most families make. The *Mortgage Brokerages, Lenders and Administrators Act, 2006* strengthens consumer protection by making the mortgage brokering industry more accountable. The new legislation was proclaimed in force July 1, 2008, with standards of practice for mortgage brokerages effective January 1, 2009.

Beginning in 2007-2008, FSCO conducted an extensive outreach program to help the industry understand its obligations under the new legislation and regulations. Once the Act and regulations took effect, the focus shifted to ensuring that the industry was in full compliance with the new regulatory regime.

In 2009-2010, FSCO continued to rely on electronic communications as the primary channel for reaching industry participants. For example, e-Blast messages reminded industry registrants of deadlines for filing annual information returns and renewing mortgage broker and agent licences. Six e-Info Newsletters were published to highlight reporting requirements, compliance and enforcement issues and key deadlines. And new sets of frequently asked questions were posted on FSCO's website.

### Industry Working Group Offers Advice

The Mortgage Broker Industry Implementation Working Group – comprised of members of mortgage broker, real estate and related associations, along with FSCO and ministry staff – continued to meet throughout 2009-2010. Its mandate is to advise on regulatory and operational processes for implementing the new legislation and regulations. The working group provided feedback on strategies for promoting compliance and communicating effectively.

In particular, the working group offered valuable insights on the design of the annual information return (AIR) for mortgage brokerages and administrators and on ways to inform the industry of filing requirements. Due March 31 each year, the AIR collects information from mortgage brokerages and administrators about their business practices, internal controls and market conditions for the previous calendar year. The information assists FSCO in risk assessment and oversight of the sector. Electronic filing of the AIR is mandatory, through FSCO's Licensing Link system.

### Conditional Mortgage Agent Audit

In the lead-up to the new regulatory system, some individuals were granted conditional licences as mortgage agents. In summer and fall 2009, FSCO conducted an education audit to verify that they had successfully completed an approved mortgage agent course. FSCO contacted education providers, as well as principal brokers employing these conditional agents, to confirm the required training. Agents who have not completed the course are not eligible to renew their licences.

### Compliance Reviews Conducted

In 2009-2010, FSCO conducted on-site examinations of a random sample of 116 licensed mortgage brokerages – about 9 per cent of the total. The purpose of the reviews was to confirm that brokerages have documented policies and procedures in place to ensure compliance with the standards of practice and maintain oversight of their brokers' and agents' activities. A report on the findings of these compliance reviews was set for release in spring 2010.

### *Responding to Consumer Complaints*

Complaints are a key market conduct signal for both the industry and regulators because they indicate consumer dissatisfaction. The review of complaints is a cornerstone of FSCO's risk-based approach to market oversight.

### Industry Complaint Procedures

Under Ontario law, insurance companies are required to designate a complaints officer to receive consumer complaints about business practices. As well, insurers must refer unresolved complaints to an independent third party for review. Most insurance companies are members of a national ombudservice established by the industry. Where this is not the case, FSCO generally acts as the independent third party.

As of July 1, 2008, each mortgage brokerage or administrator is required to designate an individual to handle complaints from the public and must also keep a record of written complaints and written responses. In October 2009, similar requirements came into effect for all credit unions and caisses populaires.

### Allegations of Non-Compliance

FSCO inquires into complaints alleging non-compliance with legislative or regulatory requirements in any of the regulated sectors. Complaint procedures and contact information are posted on FSCO's website for the convenience of consumers.

A sharp increase in complaints has taken place across the industry since the financial and economic crisis developed in fall 2008. The highest growth occurred in the mortgage brokering sector, where FSCO reviewed more than two and a half times as many complaints in 2009-2010 as the previous year. The unusually large jump appears due mainly to heightened public awareness about the new Act and regulations. Moreover, each mortgage brokerage and administrator is required to advise consumers making a complaint to contact FSCO if they feel there has been a violation of the legislation or regulations.

### Single Window for Complaint Reporting

In July 2009, the web-based Complaint Reporting System established by FSCO and the Quebec Autorité des marchés financiers for life and health and property and casualty insurers expanded to all provinces except British Columbia, as well to the Yukon Territory. The system provides a convenient single window for companies to submit biannual reports to regulators in all jurisdictions where they do business. Complaints from each jurisdiction are reported only to the regulator for that jurisdiction. Regulators can review individual cases, which do not identify the complainants, as well as company-specific data and rolled up industry-level data. The first reporting period under the expanded system ran from July 1 to December 31, 2009.

## Enforcing Laws and Regulations

In 2009-2010, FSCO found that 87 per cent of all insurance companies and intermediaries and mortgage brokerages, brokers, agents and administrators that were audited, examined or reviewed were in compliance with legal requirements. Since FSCO takes a risk-based approach, compliance efforts are focused on areas where problems might be expected. FSCO is satisfied that the overall compliance rate throughout the financial services industry as a whole is much higher than in the areas reviewed.

**Monitoring Activities**

| Activity | 2009-2010 # | 2008-2009 # |
|---|---|---|
| **Examinations Conducted** | | |
| Insurance Companies - Solvency | 6 | 6 |
| Pension Plans | 30 | 14 |
| Mortgage Brokers/Brokerages | 116 | 34 |
| **Police Checks** | | |
| Insurance Agent Licence Applications | 7,381 | 8,224 |
| Mortgage Broker and Agent Applications | 2,456 | 12,399 |
| **Audits** | | |
| Errors and Omissions Insurance | | |
| - Life Insurance Agents | 377 | 1,497 |
| - Mortgage Brokerages | - | 1,455 |
| Conditional Mortgage Agent Education | 916 | - |
| **Complaint Reviews** | | |
| Insurance Companies | 224 | 177 |
| Insurance Agents | 149 | 170 |
| Mortgage Brokerages | 76 | 16 |
| Mortgage Brokers | 47 | 53 |
| Mortgage Agents | 172 | 44 |
| Credit Unions | 24 | 14 |
| Loan and Trust Companies | 3 | 3 |
| Co-operatives | - | 6 |
| Statutory Accident Benefits (SABS) Representatives | 1 | 5 |
| Health Care Providers | 4 | 4 |

Other monitoring activities – such as media scans, industry surveys and analysis of complaints data – confirmed that the marketplace was generally functioning as expected. However, consumer confidence in the industry remains shaken by the financial and economic crisis. FSCO's proactive oversight contributed to the high compliance rate and low proportion of cases requiring intervention, despite difficult economic conditions.

When monitoring brings forwad rallegations of misconduct, unfair practices or non-compliance with legislation or regulations in any of the regulated sectors, FSCO investigates. If warranted, FSCO proceeds to take enforcement action – such as revoking a licence, requiring the institution or intermediary to implement a compliance plan, issuing a cease-and-desist order or launching a prosecution.

*New Enforcement Tool in Mortgage Brokering Sector*

The new mortgage brokering legislation gives FSCO the power to impose administrative monetary penalties in cases of non-compliance with regulatory requirements. As a new enforcement tool, administrative monetary penalties give FSCO more flexibility to promote compliance.

**Errors & Omissions Coverage**

In 2008-2009, FSCO conducted an audit to verify that all licensed mortgage brokerages and administrators were meeting one of the key consumer protection requirements of the new system: the obligation to carry errors and omissions (E&O) insurance – with extended coverage for fraudulent acts – through an approved insurance provider. The audit results led FSCO to take administrative action against 91 mortgage brokerages in February 2009 for failure to comply with the E&O provisions. Interim orders were issued to suspend their licences, together with notices of proposal to revoke their licences and impose an administrative monetary penalty of $1,000 each.

Fifty-seven of these brokerages requested hearings. In 2009-2010, the Financial Services Tribunal heard and made decisions on 26 of these cases, while 27 were settled at prehearing conferences and four were withdrawn by FSCO. Overall, FSCO's administrative action to enforce E&O requirements resulted in 21 orders to revoke licences and 86 administrative monetary penalties totalling $73,550.

**Annual Information Returns**

Mortgage brokerages and administrators were required to file their first annual information return by March 31, 2009. As of the deadline, the compliance rate across the sector was 80 per cent. Under the legislation, FSCO has the power to impose administrative monetary penalties in cases of non-compliance with filing requirements. Over the next six months, FSCO encouraged voluntary compliance by industry participants that had not yet

**Enforcement Actions**

| Type | 2009-2010 # | 2008-2009 # |
|---|---|---|
| **Insurance Agents** | | |
| Licences Revoked | 35 | 8 |
| Licences Surrendered | 17 | 3 |
| Licences Suspended | 9 | 4 |
| Letters of Censure | 19 | 37 |
| **Mortgage Brokerages** | | |
| Conditional Licenses Granted | – | 1 |
| Licence Refusals | – | – |
| Licence Surrenders | – | 106 |
| Licence Suspensions | – | 91 |
| Licence Revocations | 2 | 19 |
| Administrative Monetary Penalties | | |
| *Annual Information Return* | | |
| - Notices Issued | 29 | – |
| - Amount Ordered | $29,000 | – |
| *Errors & Omissions Insurance* | | |
| - Notices Issued | – | 91 |
| - Proposed Amount Levied | – | $91,000 |
| - Amount Ordered | $40,300 | $33,000 [1] |
| **Mortgage Brokers** | | |
| Licence Suspensions | 1 | 1 |
| Letters of Caution | - | 2 |
| **Mortgage Agents** | | |
| Licence Refusals | 1 | 3 |
| Letters of Caution | 3 | 5 |
| **Dispute Resolution Penalties** | | |
| Special Awards against Insurers | 7 | 4 |
| Expense Orders against Representatives | 1 | 3 |
| **Cease and Desist Orders** | 2* | 4** |
| **Prosecutions Completed** | 3 | 9 |

[1] *Remaining penalties proposed were before Financial Services Tribunal at year end.*

* *Comprised of one interim order that became permanent.*

** *Two of the four orders were permanent orders and one was an interim order that became permanent.*

filed. In November 2009, however, FSCO served 29 mortgage brokerages and administrators whose filings were still outstanding with notices of administrative monetary penalties of $1,000 each.

*Offences Prosecuted*

FSCO prosecuted two individuals and one company during 2009-2010, securing convictions on eight charges with fines totalling $40,300. These prosecutions dealt with such offences as failure to comply with a cease-and-desist order under the *Insurance Act* and failure to remit contributions under the *Pensions Benefits Act*.

*Loan and Trust Investigation*

FSCO looked into several allegations of unfair or deceptive practices by companies or individuals. One of the investigations led the Superintendent of Financial Services to issue an interim cease-and-desist order that later became permanent.

This case concerned an individual and his corporations who had knowingly conducted, undertaken or transacted the business of a loan or trust corporation while unregistered. They had done this by borrowing money from the public by receiving deposits for the purpose of lending and investing. Given the risk to the public, the individual and his corporations were ordered to immediately cease and desist engaging in the business of a loan or trust corporation. A permanent order was later issued. Further details on these orders may be found in Monitoring and Enforcement Online, on FSCO's website.

*Dispute Resolution Penalties*

In the automobile insurance dispute resolution (DR) system, penalties may be imposed under the *Insurance Act* at the end of an arbitration or appeal hearing. (See the section on **Resolving Disputes over Automobile Accident Benefits** later in this report for a description of the DR system.) In 2009-2010, seven special awards were made against insurers that unreasonably withheld or delayed the payment of benefits, while one individual representing a party was ordered to pay expenses personally.

**Advisory Board Activities**

| Activity | 2009-2010 # | 2008-2009 # |
|---|---|---|
| Cases Pending at Beginning of Year | 7 | 7 |
| New Cases Received | 13 | 10 |
| Hearing Days | 14 | 5 |
| Other Activity Days – Including: Pre-Hearing Conferences, Telephone Conferences, Settlement Conferences and Motions | 20 | 24 |
| Total Hearing and Activity Days | 34 | 29 |
| Files Closed | 11 | 10 |
| Cases Pending at End of Year | 9 | 7 |

*NOTE: Numbers for each year may reflect activity concerning files opened prior to the respective year.*

*Advisory Board Hearings*

Very often, issues involving the licences of insurance agents or adjusters are resolved by minutes of settlement. However, an agent, adjuster or applicant for a licence is entitled to request a hearing and, if this is done, the Superintendent of Financial Services appoints an Advisory Board. Advisory Boards make recommendations to the Superintendent on whether to grant, renew, revoke or suspend a licence. Each board includes an agent or adjuster representative, an insurer representative and a Superintendent's representative.

The Advisory Board holds a hearing and prepares a written report to the Superintendent, who then makes a decision and issues an order. In 2009-2010, Advisory Boards closed 11 cases, one more than the previous year.

## OVERSEEING PENSION PLANS

The *Pension Benefits Act* and regulations set minimum standards for the administration and funding of employment pension plans registered in Ontario. FSCO monitors and enforces compliance with the legislation and regulations, advises the government on pension issues and operates a guarantee fund that protects a minimum level of pension benefits for most single-employer defined benefit plans.

### Strengthening Pension Regulation

The 2009 Ontario Budget announced additional resources for FSCO to improve pension regulatory services and enhance the effectiveness of pension plan regulation over a three-year period. As of March 31, 2010, FSCO had filled or was in the process of filling 17 full-time positions in a variety of roles to support better regulatory efficiency and oversight.

During the year, FSCO assisted the Ministry of Finance to develop pension reforms to address immediate economic and financial challenges and begin to modernize the pension system for the longer term.

*Temporary Solvency Relief*

In June 2009, the government approved regulatory changes to provide defined benefit pension plans with temporary solvency funding relief. The package includes temporary rules to allow businesses to defer their solvency payments for one year, restart the five-year funding schedule for previously established solvency payments and, with the consent of active members and retirees, spread solvency payments over an extended 10 year period. The effect of these changes is to free resources for operations. Since the introduction of these measures, 140 pension plans (out of 505 eligible plans) have elected one or more of the three options.

The government also brought in measures to increase transparency, so workers and retirees receive clear information about the financial health of their plans, and to protect the security of pension benefits through limits on contribution holidays.

### *Pension Benefits Amendment Act*

In December 2009, the government introduced a bill to amend the *Pension Benefits Act*, the most significant pension reform package in Ontario in more than 20 years and the first stage in a multi-step process. (The bill was passed by the legislature in May 2010, with most provisions effective on proclamation.) The reform measures build on the recommendations of the final report of the Expert Commission on Pensions, *A Fine Balance: Safe Pensions, Affordable Plans, Fair Rules*, released in November 2008 following extensive research and public consultation.

Under the new legislation, more plan members affected by layoffs will be eligible for enhanced benefits, and members and retirees will gain quicker access to information about the funded status of their plans. Other provisions will enable plan sponsors to complete corporate reorganizations more easily while maintaining pension plan coverage for their employees. Partial wind-ups – in which only part of a pension plan is closed – will be eliminated, simplifying administration and reducing compliance costs. FSCO will have the power to require special valuations for plans at risk, strengthening the security of benefits through improved oversight.

## Processing Transactions and Filings

Under the *Pension Benefits Act*, the Superintendent of Financial Services makes regulatory decisions on certain pension plan transactions, from initial registration to full wind-up. Some of these powers have been delegated to staff. The chart lists key plan transactions dealt with by FSCO during 2009-2010. FSCO also processes annual information returns and other routine filings, which totaled 20,925 during the year.

**Pension Plan Transactions Processed**

| Type | 2009-2010 # | 2008-2009 # |
|---|---|---|
| **New Plans Registered** | | |
| *Single-Employer Plans* | | |
| Defined Benefit | 233 | 366 |
| Defined Contribution | 105 | 93 |
| *Multi-Employer Plans* | | |
| Defined Benefit | - | 1 |
| Total | 338 | 459 |
| **Plan Amendments Registered** | 2,471 | 2,416 |
| **Full Wind-Ups Processed** | | |
| *Single-Employer Plans* | | |
| Defined Benefit | 193 | 27 |
| Defined Contribution | 168 | 53 |
| Total | 361 | 80 |
| **Partial Wind-Ups Processed** | | |
| *Single-Employer Plans* | | |
| Defined Benefit | 34 | 29 |
| Defined Contribution | 49 | 41 |
| *Multi-Employer Plans* | | |
| Defined Benefit | 4 | 4 |
| Defined Contribution | 3 | - |
| Total | 90 | 74 |
| **Plan Mergers/Asset Transfers Approved** | | |
| *Single-Employer Plans* | | |
| Defined Benefit | 24 | 53 |
| Defined Contribution | 42 | 41 |
| *Multi-Employer Plans* | | |
| Defined Benefit | - | 4 |
| Defined Contribution | 1 | 3 |
| Total | 67 | 101 |
| **Surplus Refunds to Employers on Full Wind-Up Applications** | | |
| *Single Employer Plans* | | |
| Defined Benefit | 3 | 1 |
| Total | 3 | 1 |
| **Surplus Refunds to Employers on Partial Wind-Up Applications** | | |
| *Single Employer Plans* | | |
| Defined Benefit | 1 | - |
| Total | 1 | - |

A substantial increase occurred in full wind-ups of pension plans in 2009-2010, to a total of 361 from 80 the previous year. Some of the factors involved were: termination of 122 Individual Pension Plans (IPPs)* by employers following changes in federal income tax rules; 16 wind-ups resulting directly from the insolvency of the employer; and replacement of several defined contribution plans with group registered retirement savings arrangements not subject to the *Pension Benefits Act*.

Where a company becomes insolvent, the Superintendent in most cases appoints a third-party administrator to ensure pension plans are wound up properly. As of March 31, 2010, FSCO was coordinating the administration of 185 plans for insolvent companies, down from 246 a year earlier.

## Health of Plans Monitored

FSCO monitors the funding and investment of defined benefit pension plans to ensure compliance with the legislation. A risk-based approach is taken to identify and focus attention on higher-risk plans, thereby optimizing the use of regulatory resources.

### *Plan Funding*

Since 2000, FSCO has compiled and maintained a database of key actuarial and financial data extracted from valuation reports. A risk-based review system screens information filed with FSCO to select plans for further scrutiny.

Highlights of the risk-based monitoring of plan funding during 2009-2010 include:

- Actuarial information summary reports for 1,601 plans were entered and screened through the system.
- For 500 of the plans screened, the system flagged potential problems – such as significant deterioration in funded status, significant actuarial gains or losses, non-compliance with minimum funding requirements, delinquent contributions, and issues with actuarial assumptions.
- FSCO followed up with 165 plans where material compliance concerns were raised. In almost all cases issues were resolved through steps by plan sponsors, administrators and actuaries, with FSCO taking enforcement action when plans remained noncompliant.

Most of the actuarial reports covered in 2009-2010 had valuation dates prior to June 30, 2009. FSCO's monitoring of later reports will commence as soon as they are filed, with the findings to be published in spring 2011.

### *Plan Investment*

In 2006, to broaden the oversight of defined benefit plans, FSCO implemented a risk-based system for the monitoring of pension fund investments. FSCO took this step because the long-term health of plans depends heavily on investment returns. Key financial and investment information is collected from plans on an annual basis, entered into a database and screened by an automated risk-review system.

In 2009-2010, FSCO completed the fourth investment monitoring cycle, which covered plan fiscal years ending between July 1, 2008 and June 30, 2009. Highlights include:

- Investment information summary filings for 1,891 plans were entered and screened through the system.
- The system flagged 551 of these plans with such investment-related issues as regulatory breaches, poor relative performance and a mismatch between assets and liabilities.
- FSCO reviewed all the flagged plans and raised issues with 278 plans. Of these, 70 plans were required to provide additional information or explanations.
- Most plans with investment concerns were given an opportunity to correct and improve. Thirteen plans with serious issues under-went on-site examinations.

A summary of pension plan funding and investment information can be found in FSCO's *Funding of Defined Benefit Pension Plans in Ontario, Sixth Annual Report, 2006-2009*, which was published in March 2010 and appears on FSCO's website. The report also includes information on the funding relief measures implemented by the Ontario government in 2009.

### *On-Site Examinations*

FSCO performed on-site examinations of 30 pension plans during 2009-2010 – more than double the total of 14 the previous year. Twenty-nine of the plans were single-employer plans –19 defined benefit, four defined contribution and six hybrid plans with both defined benefit and defined contribution provisions. One defined benefit multi-employer plan was also examined. Plans were chosen for review through the risk-based funding and investment monitoring programs, as noted above, as well as on the basis of risk profiles highlighted in FSCO's pension plans database.

## Improving Pension Regulatory Services

The final report of the Expert Commission on Pensions, together with submissions to the Expert Commission, responses to FSCO's Statement of Priorities and FSCO's own research, have highlighted opportunities to improve pension regulatory services. A common theme has been the need for better communication with pension stakeholders and more involvement of stakeholders in FSCO's pension activities.

In light of these findings, FSCO in 2008 launched a multi-year project on Improving Pension Regulatory Services. This project includes five initiatives, which FSCO pursued throughout 2009-2010.

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* *IPPs are pension plans for a specifically named individual. They can be either defined benefit or defined contribution plans and are typically set up for connected persons or highly paid employees.*

*Enhanced Stakeholder Engagement and Outreach*

**Public Consultations**

To broaden communication with pension stakeholders and enhance stakeholder engagement in pension activities, FSCO developed a process for conducting public consultations. The process sets time frames and calls for the posting of draft policies and initiatives on FSCO's website for comment. Two public consultations were undertaken during the year – one on FSCO's proposed solutions, service goals and processes for defined benefit pension applications, and another regarding a draft policy on management and retention of pension records by plan administrators.

**Advisory Committees**

At the request of pension plan administrators FSCO formed a new Administrator Advisory Committee to represent their perspective, bringing the number of pension advisory committees to six. Terms of reference were updated for the other five committees (the Accounting and Assurance, Actuarial, Investment, Legal, and Multi-Employer Pension Plan committees).

FSCO met with each committee in spring and fall 2009 and intends to maintain this regular schedule in the future. The focus of meetings has shifted to make better use of the members' technical expertise, as FSCO now seeks members' advice before taking a draft position on specific issues. As well, the committees are now involved in the development of regulatory policies at a much earlier stage. An annual Pension Forum, held early in the calendar year, brings all committee members all together, updates them on FSCO's accomplishments over the past 12 months and provides an opportunity for input on proposed initiatives for the year ahead.

**Representative Stakeholder Groups**

FSCO made a commitment to hold annual meetings with a wide range of groups representing various pension stakeholders – including pension organizations, professional associations, organized labour, retiree groups, public sector pension plans and consumer organizations. The sessions will give them an opportunity to take part in FSCO's planning process and act as a sounding board on FSCO initiatives. FSCO also introduced an annual update to the industry on efforts to improve regulatory services over the past year, and the next steps.

*Pension System Enhancement and Development*

FSCO is determined to strengthen its information and information technology capabilities to become a more effective and efficient regulator. After an internal review of the current pension system, FSCO presented the findings at meetings with the advisory committees and stakeholder groups and received numerous comments and suggestions.

In March 2010, FSCO launched the Pension Services Portal on its website, enabling an electronic filing option for annual information returns. Pension plan administrators and their delegated third party agents can now file annual information returns electronically via a secure web-based application.

*Risk-Based Regulation*

FSCO undertook a project in fall 2009 to develop a more comprehensive risk-based approach to the supervision of pension plans. The goal is to create a risk-based supervisory framework together with the business and system processes required to enhance and build on current FSCO processes. This work is expected to improve the monitoring of high-risk pension plans by enabling FSCO to review plan funding and investment data in a more integrated way. The research and analysis phase was completed during 2009-2010. FSCO will seek stakeholder feedback on the proposed framework before proceeding with detailed program design.

*Defined Benefit Application Processing*

FSCO has undertaken an initiative to address longstanding defined benefit applications related to plan mergers, asset transfers, and partial wind-ups involving surplus assets. FSCO intends to streamline the processes used to review these applications and then revise and publish performance targets. Between April 1, 2008 and March 31, 2010, the number of outstanding pension plan applications of this type fell by 85 per cent. The remaining applications are more complex and require more extensive analysis. While continuing work on the outstanding applications, FSCO is processing new applications promptly to keep the backlog from growing.

*Inquiries and Complaints*

FSCO is working to improve procedures for processing, tracking and reporting on all pension-related inquiries and complaints to see that they are addressed in a timely manner. Changes to information systems have been introduced to better track and report on pension inquiries and issues. Next, FSCO will develop and publish new performance targets for its response to plan member inquiries and complaints. Best practices will also be released to guide pension plan administrators in dealing with inquiries and complaints from members of their plans.

During 2009-2010, FSCO's Pension Division received a total of 12,525 pension inquiries, with 4,225 coming from plan members inquiring about their plans and rights under the *Pension Benefits Act*. The average response time to the inquiries from plan members was eight days – well below the target of 15 days. Of these inquiries, 377 were complaints against plan administrators requiring FSCO action to ensure compliance with the *Pension Benefits Act* and regulations and the plan documents.

*Pension Regulatory Costs*

The average cost of all pension regulatory activities combined – such as monitoring plan funding, processing transactions and filings, and responding to inquiries – was

$4.14 per plan member (including active, retired and deferred members and other beneficiaries). The 20 per cent increase from $3.44 the previous is year due to additional costs for FSCO's initiatives to improve pension regulatory services.

## Pension Regulatory Policy Activities

*Monsanto Follow-up Continues*

In 2004, in the case of Monsanto Canada Inc. v. Superintendent of Financial Services, the Supreme Court of Canada upheld the Superintendent's position that the *Pension Benefits Act* requires the distribution of surplus assets on the partial wind-up of a pension plan. Since the ruling, 250 of the 345 partial wind-ups affected have been addressed. FSCO is working to ensure that the remaining 95 partial wind-ups are dealt with in accordance with the legislative requirements.

*Policy Review Project*

Pension policies guide the administration of pension legislation and regulations and help plan sponsors and administrators understand and comply with their legal obligations. In 2008, FSCO began a long-term project to ensure that all active pension policies are current, accurate and available in both English and French. During 2009-2010, 53 policies were updated, 12 were archived and 39 were translated into French.

## Unlocking Applications Up Sharply

Generally speaking, money transferred from a registered pension plan into a locked-in account may be used only to provide retirement income. However, individuals who qualify under special circumstances – including specific types of financial hardship – can obtain access to the money.

The Superintendent's consent is required to unlock funds because of financial hardship. Qualifying circumstances include: low income; the risk of eviction from a home or rented residence or the need to pay rental deposits on a residence; and the need to pay medical or dental expenses or costs of residential renovations, alterations or construction to accommodate a disability or illness of self or family. Applicants may be expected to use some of their other assets before withdrawing locked-in funds.

FSCO processes applications for the Superintendent's consent to unlocking due to financial hardship. The volume of applications has increased sharply since the start of the recession in fall 2008, with the total for 2009-2010 up 28 per cent from the previous year. It appears that unemployed workers are being forced to access funds set aside for retirement to deal with their current financial situation.

In response to the economic downturn, the government has waived fees for financial-hardship unlocking applications for two years, beginning April 1, 2009.

| Financial Hardship Unlocking Applications Processed | | |
|---|---|---|
| **Applications** | **2009-2010** | **2008-2009** |
| **Received** | 16,441 | 12,802 |
| **Approved** | 15,272 | 11,035 |
| **Refused** | 3 | – |

## Pension Benefits Guarantee Fund

Established under the *Pension Benefits Act*, the Pension Benefits Guarantee Fund (PBGF) protects a minimum level of benefits in most single-employer defined benefit pension plans with members in Ontario. The PBGF comes into play when a plan is wound up without enough money in the pension fund to pay the promised benefits and the employer is unable to cover the shortfall, normally because of insolvency or bankruptcy. The Superintendent of Financial Services is responsible for the administration of the PBGF and the investment of its assets.

Pension plans with guaranteed benefits pay an assessment into the PBGF. The total liability of the PBGF is limited to the assets of the fund plus any loans or grants received from the province. Financial statements for the PBGF appear later in this annual report.

| Pension Benefits Guarantee Fund Claims | | |
|---|---|---|
| **Claims Paid** | **2009-2010** | **2008-2009** |
| **Number** | 23 | 18 |
| **Total Value*** | $64,535,385 | $91,651,299 |

** The total values are reported on a cash basis.*

## SUPPORTING THE AUTOMOBILE INSURANCE SYSTEM

Automobile insurance is compulsory for Ontario drivers and motor vehicles. To protect consumers, FSCO reviews and approves premium rates, risk classification systems and underwriting rules for denial of coverage, as well as endorsements, forms and rate manuals. FSCO also advises the government on the need for changes to automobile insurance legislation and regulations, and works with insurers and other stakeholders to improve the operation of the system. In addition, FSCO administers a claims fund for victims of accidents involving uninsured or unidentified vehicles.

### Auto Insurance Reforms Announced

Under the *Insurance Act*, the Superintendent of Financial Services is required to undertake a review of Part VI (Automobile Insurance) of the Act and related regulations at least every five years. Part VI covers statutory accident benefits, court proceedings and dispute resolution. FSCO conducted the first review in 2008-2009, with the Superintendent's report delivered to the minister in March 2009. Dozens of insurance industry, health care, legal and other stakeholder groups, as well as individual consumers, took part in extensive consultations as part of the review.

In November 2009, the Minister of Finance announced a package of auto insurance reforms based largely on proposals in the Superintendent's report. The government accepted 36 of the Superintendent's 39 recommendations and also made five additional changes to improve the effectiveness and administration of the automobile insurance system. The provincial government has approved regulations bringing the reforms into effect on September 1, 2010.

The changes are designed to reduce excess costs for the assessment of injuries in the auto insurance system and ensure more accident benefit dollars go to treating accident victims. This will help stabilize auto insurance premiums in Ontario.

The reforms will reduce mandatory accident benefit coverage and expand optional coverage. Drivers will be able to choose a new standard level of coverage that could reduce the cost of auto insurance, or select additional levels of medical, rehabilitation and attendant care benefits. As well, the reforms will offer a choice of deductibles under direct compensation – property damage coverage to repair the vehicle of the driver who is not at fault. Selecting a higher deductible may reduce the cost of insurance.

Under Ontario law, people who are injured in an accident can sue the at-fault driver for pain and suffering in some circumstances, but a court award is subject to a deductible. Under the reforms, consumers will have the option to buy additional coverage that will have the effect of reducing the deductible amount. This change will give some accident victims more access to financial compensation through the court system.

The package also introduces 17 consumer protection measures. For example, a total ban will be imposed on the use of credit scoring for auto insurance purposes, including during the quoting process to determine whether a driver is insurable or how much to charge for insurance. And accidents where a driver is 25 per cent or less at fault will no longer affect premiums.

As well, the reforms will streamline a number of processes to reduce transaction costs and create a less complex auto insurance system, ensuring more accident benefit dollars go to treating accident victims. The cost of assessments of injuries will be capped, rebuttal examinations will be eliminated, and treatment plans and applications for assessments or examinations will be merged into one process. A Minor Injury Guideline will be developed to allow health care providers to treat minor injuries – such as whiplash, strains and sprains – without the need for prior approval by the insurer. And the number of timelines and forms that claimants and insurers use will be reduced.

#### *Implementation Process Underway*

FSCO began working with stakeholderon implementing the reform package following the government's November 2009 announcement. The Superintendent created a Reforms Implementation Steering Committee made up of key stakeholders to support the implementation process. In addition, a series of working groups

**Automobile Insurance Filings Processed**

| Type | 2009-2010 | 2008-2009 |
|---|---|---|
| Private Passenger Auto Rate Filings | | |
| Major | 103 | 69 |
| Simplified* | 6 | 19 |
| CLEAR | 58 | 45 |
| Fees** | 4 | |
| Total | 171 | 133 |
| **Non-Private Passenger Auto Rate Filings** | 109 | 127 |
| **Underwriting Rule Filings** | 54 | 51 |
| **Endorsement Filings** | 53 | 53 |
| **Form Filings** | 37 | 43 |
| **Rate Manual Filings** | 137 | 95 |

* *Insurers may submit a simplified filing where certain criteria, including a rate reduction proposal, are met. Only summary information is required in a simplified filing, whereas a major filing requires detailed actuarial information.*

** *Revised filing guidelines issued in March 2009 include a new section for Fee Filings where the company is proposing to make changes to fees or add new ones.*

including stakeholder representatives and FSCO staff convened to work on specific reform initiatives – including new claim forms, new policy and endorsement forms, the Minor Injury Guideline, filing guidelines for insurers, and consumer information on the reforms. In early March 2010, FSCO informed insurers of requirements for submitting automobile insurance rate and risk classification filings made necessary by the reforms.

## Consumers Protected by Rate Review

In reviewing auto insurance rates, FSCO's goal is to ensure that rates are reasonable and justified, based on expected claims costs. In 2009-2010, FSCO approved 171 private passenger auto (PPA) insurance rate filings – a 29 per cent increase over the previous year. The overall change in approved rates for 2009-2010 was an increase of 13.2 per cent, based on the entire market.

The number of major PPA rate filings approved during 2009-2010 was up 49 per cent from the year before. On average, the time to review and approve major filings was 55 days, virtually unchanged from 56 days the previous year. Many of the major filings included significant changes to risk classification systems, as insurers increasingly utilize advanced information technology to project future claims based on risk characteristics.

The Canadian Loss Experience Automobile Rating (CLEAR) system assists insurers to align rates with risks by grouping vehicles according to their actual claims experience. Companies using the system were required to submit filings reflecting the 2009 CLEAR vehicle rate group tables by December 2009.

### *Improving the Rate Filing Process*

During the year, FSCO worked with automobile insurance stakeholders to make the filing approval process more efficient, effective and transparent. Updates were made to ARCTICS, FSCO's web-based filing system, to make it more user-friendly and speed up the entry of information. New filing guidelines and benchmarks were posted on FSCO's website. An e-newsletter was also launched to keep stakeholders up to date on filing issues and activities.

FSCO completed a study of the filing process to identify areas where clearer filing guidelines can be developed and timelines for review and approval can be shortened. This exercise included an analysis of the quality of filings submitted by insurers. About one third of major private passenger auto rate filings were graded as "below average" because the information provided was incomplete, inaccurate or poorly organized. Tips were provided to the industry to help ensure a smoother filing process.

To improve the efficiency of the process and employ resources more effectively, FSCO announced that e-filing through ARCTICS will be mandatory as of January 1, 2011. More than 80 per cent of filings in 2009-2010 were submitted via ARCTICS.

## Group-Marketed Automobile Insurance

FSCO conducted a survey of insurers that write automobile insurance on a group-marketed basis. In keeping with FSCO's risk-based approach, the objective was to gauge compliance with the *Insurance Act* and regulations, and to ensure the appropriate use of group discounts and programs. The survey covered general operational practices and technical procedures and results.

Approximately 30 per cent of the auto insurance companies writing PPA policies in Ontario have filed rates for groups. Group business accounts for about 17 per cent of total PPA premiums.

The survey concluded that some insurers need to amend their policies and procedures so that all groups meet regulatory requirements. Insurance companies must also have group marketing plans in place for all groups as required by regulation. FSCO has followed up with individual insurers to ensure appropriate action is taken on the compliance risks identified.

## Health Claims for Automobile Insurance Pilot

A working group with representatives of insurers, health care providers and FSCO has been meeting regularly over the past two years to plan the re-introduction of the Health Claims for Automobile Insurance (HCAI) system. A voluntary pilot project to test the system got underway in mid-September 2009.

Operated by a not-for-profit corporation, HCAI is designed to enable the electronic exchange of information between automobile insurers and health care providers. At the operator's request, the Superintendent temporarily suspended operation of the system in March 2008, due to technical problems.

HCAI was developed to improve claims processing and generate timely data on health care costs. Under the system, certain accident benefit claims forms are transmitted from health care providers to insurers through a central processing agency. The system also enables insurers to communicate claims approval and payment decisions to health care providers.

The pilot project was scheduled to conclude in May 2010. If the HCAI system meets expectations during the pilot phase, FSCO indicated that mandatory participation would be introduced in stages in for all automobile insurers and health care providers.

## Last-Resort Coverage for Accident Victims

FSCO administers the Motor Vehicle Accident Claims Fund (MVACF), which provides compensation to victims of accidents involving uninsured or unidentified vehicles who have no access to insurance coverage.

MVACF is financed by a fee of $15 (three dollars per year) paid when each five-year Ontario driver's licence is issued or renewed. MVACF also makes every effort to recover third-party liability payments from uninsured motorists found responsible for accidents. The driver's licences of those in default are suspended. MVACF arranges for reinstatement of the licence when the debt is paid in full or a satisfactory payment schedule is in place.

| Motor Vehicle Accident Claims Fund | | |
|---|---|---|
| **Measure** | **2009-2010** | **2008-2009** |
| **New Claims Reported (#)** | 601 | 561 |
| **Total Cash Payouts** | $21.6 million | $21.7 million |
| **Total Statutory Accident Benefits Claims Paid (#)** | 441 | 425 |
| **Total Statutory Accident Benefits Payments** | $16.1 million | $15.4 million |
| **Total Third Party Liability Claims Paid (#)** | 114 | 115 |
| **Total Third-Party Liability Payments for Bodily Injury and Property Damage** | $5.5 million | $6.3 million |
| **Collection of Repayments** | $1.2 million | $1.3 million |
| **Suspended Driver's Licences (#)** | 420 | 401 |
| **Reinstated Driver's Licences (#)** | 248 | 234 |
| **Repayments Processed (#)** | 7,327 | 7,731 |
| **Debtors Making Payments (#)** | 837 | 890 |
| **Active Accounts Receivable (#)** | 1,101 | 1,147 |

In 2009-2010, MVACF paid out $21.6 million in claims, almost the same as the year before. Outstanding claims liabilities totaled $170.3 million at year end, a decrease from $179.4 million a year earlier. MVACF's financial statements appear later in this annual report.

Under legislation, MVACF is authorized to pay the statutory accident benefits (SABS) claims of insolvent insurers. In 2009-2010 a protocol was established for the processing and payment of SABS claims by MVACF in the event of an insurer insolvency, and for subsequent recovery of MVACF's costs from the auto insurance industry. The protocol will help to ensure compensation for people injured in automobile accidents.

## RESOLVING DISPUTES OVER STATUTORY AUTOMOBILE ACCIDENT BENEFITS

FSCO's dispute resolution services are a pillar of Ontario's no-fault automobile insurance system. If a claimant and insurer disagree about entitlement to statutory accident benefits, or the amount of benefits, FSCO offers a comprehensive dispute resolution system as a fast and cost-effective alternative to court. Services include mediation, arbitration, neutral evaluation, appeal, and variation or revocation of an arbitration or appeal order.

Mediation at FSCO is the mandatory first step in resolving accident benefits disputes. An impartial FSCO mediator works with the parties to seek a mutually acceptable solution. If mediation does not succeed, the claimant can take the dispute to arbitration at FSCO. Otherwise, either party can start a court case, or both parties can agree to send the dispute to private arbitration.

The decision of a FSCO arbitrator is binding. However, either party can appeal an arbitrator's order to FSCO's Director of Arbitrations on a question of law. While there is no appeal from a decision of the director or delegate, judicial review may be available through the courts. An arbitration order can be varied or revoked where it contains an error, the claimant's condition has changed or new evidence has arisen.

Each year, FSCO arbitrators and appeals officers release significant decisions interpreting various provisions of the *Insurance Act* and the Statutory Accident Benefits Schedule. All FSCO arbitration and appeal decisions are posted on FSCO's website.

### Mediation Applications Increase Again

The volume of mediation applications rose for the fourth consecutive year. In 2009-2010, applications totaled 22,219 – up 29 per cent from the year before. This level represents an unprecedented 75 per cent increase over four years. The size of the 2009-2010 increase suggests that continuing economic pressures may be leading to more disputes.

In 2009-2010, FSCO closed 7 per cent more mediation cases than the year before. The settlement rate for mediation increased again, with 68 per cent of cases settled either fully or partially, compared with 64 per cent in 2008-2009 and 60 per cent in 2007-2008.

Despite these efforts, the backlog of pending cases (all open cases in the system) grew by 83 per cent over the previous year, resulting in increased wait times before files are assigned to mediators. FSCO continues to monitor the pending volume closely and several initiatives have been taken to reduce wait times. Mediators have been hired on short-term contracts and extra files have been assigned to mediators. FSCO also held special group settlement days. Though successful in closing a large number of files, these measures have not been enough to fully address wait time concerns. Other short-term and longer- term initiatives, suggested by consultations both within FSCO and with stakeholders, were under consideration at year end.

### Arbitration Applications Continue Upswing

In 2009-2010, applications for arbitration rose for the third consecutive year. The volume was up 12 per cent from 2008-2009 to 3,422. This represents a 29 per cent increase over three years. Ninety-four per cent of arbitration cases were settled before

a decision was issued, up slightly from 92 per cent the previous year.

The release time for arbitration decisions remained steady, with 73 per cent of decisions issued within the published time frame of 85 days from the end of the hearing, the same level as in 2008-2009. The median time for issuing a decision was also unchanged, at 56 days.

### More Appeals Settled

The number of appeals filed has held relatively steady for the past few years. In 2009-2010, 42 appeal applications were received, compared with 39 in 2008-2009 and 41 and 42 in the two prior years, respectively. Thirty-two cases settled before a decision was issued in 2009-2010, more than double the previous year's total.

The number of appeal cases closed grew by half to 57 in 2009-2010, while the number of decisions issued climbed slightly to 43. Seventy-four per cent of decisions were released within 85 days of the hearing, up from 70 per cent the previous year.

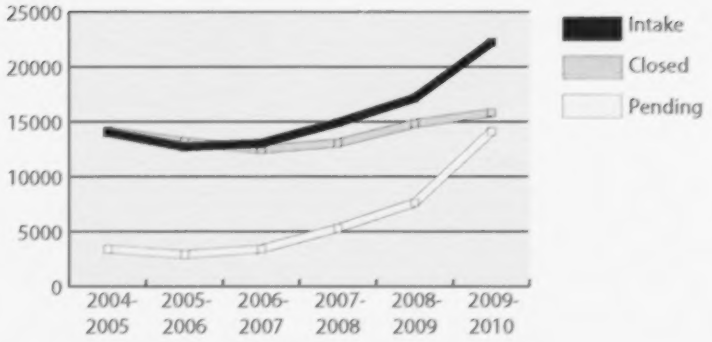
## DEVELOPING POLICY

FSCO advises the government on ways to keep the regulatory framework in line with market realities and also develops regulatory policies to guide the ongoing administration of financial services legislation. In shaping policy, FSCO relies on open, ongoing communication with the industry, consumers and other stakeholders to highlight emerging issues and help find practical responses.

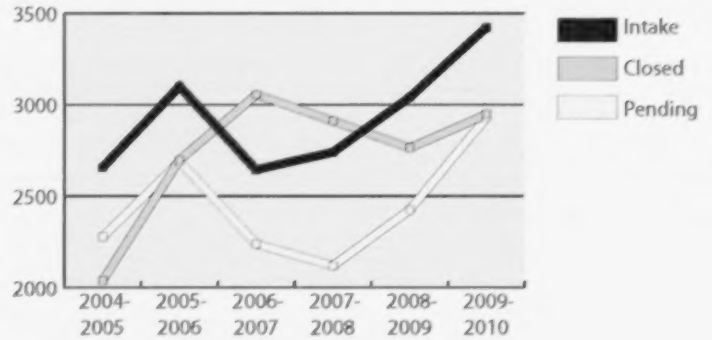
### National Regulatory Coordination

FSCO fosters a coordinated national approach to financial services regulatory issues. In line with this priority, FSCO takes a leadership role and provides staff support for: the Canadian Council of Insurance Regulators (CCIR), the Canadian Association of Pension Supervisory Authorities (CAPSA), the General Insurance Statistical Agency (GISA) and the Joint Forum of Financial Market Regulators. GISA is an independent corporation that collects and reports automobile insurance data for eight provincial and territorial regulators. The Joint Forum includes representatives of CCIR, CAPSA, the Canadian Securities

**Mediation: Cases Received, Closed and Pending**




**Arbitration: Cases Received, Closed and Pending**




| Dispute Resolution Services Activities | | |
|---|---|---|
| **Measure** | **2009-2010** | **2008-2009** |
| **Mediation** | | |
| New Applications Received | 22,219 | 17,231 |
| Cases Closed | 15,826 | 14,850 |
| Settlement Rate – Full | 58% | 51% |
| Settlement Rate – Partial | 10% | 13% |
| **Arbitration** | | |
| New Applications Received | 3,422 | 3,045 |
| Cases Closed | 2,948 | 2,742 |
| Settled | 2,748 | 2,519 |
| Decisions Issued | 152 | 164 |
| **Appeals** | | |
| New Applications Received | 42 | 39 |
| Cases Closed | 57 | 38 |
| Settled | 32 | 13 |
| Decisions Issued | 43 | 41 |

Administrators (CSA) and the Canadian Insurance Services Regulatory Organizations. FSCO is also a member of the Canadian Automobile Insurance Rate Regulators Association (CARR).

As well, FSCO participates in the Canadian Mortgage Broker Regulators Group, a new association of regulators of mortgage brokerages from across Canada who have decided to work together to enhance effective and efficient regulation of the sector. The group held its first meeting in May 2009.

### *Joint Forum Highlights*

The Joint Forum coordinates the development of harmonized solutions to financial regulatory issues across both sectors and jurisdictions. During 2009-2010, FSCO continued to participate in key Joint Forum initiatives.

#### Strategic Plan Renewed

The Joint Forum renews its strategic plan every three years. Underway as of April 1, 2009, the 2009-2012 Strategic Plan focuses on four strategic priorities:

- Product disclosure and regulation
- Consumer awareness and engagement
- Consumer information and education
- Regulatory mechanisms.

#### Consumer Awareness and Engagement

After a review of mechanisms for consulting consumers in Canadian and other jurisdictions, the Joint Forum approved four recommendations for strengthening its engagement with consumers:

- Increase the use of plain language in published materials
- Utilize multi-stakeholder meetings
- Provide individuals and investors with more feedback on their responses to consultations
- Encourage individual Joint Forum members to engage local consumer organizations and report on feedback.

#### Monitoring Capital Accumulation Plan Issues

Capital Accumulation Plans (CAPs) are tax-assisted investment or savings plans that permit members to choose among investment options. Examples of CAPs are defined contribution pension plans, group registered retirement savings plans and deferred profit-sharing plans. The Joint Forum issued guidelines for the operation of CAPs in 2004.

In 2009-2010, the Joint Forum established an ongoing standing committee to monitor and address issues that may arise in the future in relation to CAPs. A review of the guidelines in 2008-2009, while finding that no changes to the guidelines were needed, recommended this initiative.

The Joint Forum also released a notice in response to two issues raised by stakeholders during the review. The notice confirmed that tax free savings accounts, as tax-assisted investment or savings plans, are considered CAPs (provided all other criteria are met), and addressed the application of the guidelines to plans where members have access to the full range of investment options as well as investment advice.

#### Consumer Redress

The Joint Forum's Dispute Resolution Standing Committee continues to work with the financial ombudservices to ensure that the industry system for resolving consumer complaints meets public interest objectives, such as independence, accessibility, fairness and accountability.

In 2007, the Joint Forum released a framework for ongoing collaboration between regulators and the three industry bodies – the Ombudservice for Life and Health Insurance, the General Insurance OmbudService and the Ombudsman for Banking Services and Investments. The framework calls for an independent third party evaluation of the operations of each ombudservice at least every three years. By the end of 2009-2010, all three ombudservices had completed an external assessment and published both the assessor's report and the ombudservice's response.

### *CAPSA Highlights*

CAPSA is a national association of pension regulators that develops harmonized policies and guidelines to improve pension plan administration and enhance the protection of pension plan members across Canada. In 2009-2010, FSCO continued to take part in two major initiatives to achieve these goals.

#### Regulation of Multi-Jurisdictional Pension Plans

In June 2009, CAPSA released the final proposed Agreement Respecting Multi-Jurisdictional Pension Plans, incorporating feedback on a consultation draft. CAPSA regards the proposed agreement as a significant initiative for plan sponsors, administrators, members, advisors, labour groups and regulators.

Once adopted, the agreement would provide clear rules for the administration and regulation of pension plans with members in more than one jurisdiction, whether federal or provincial. It would replace the existing Memorandum of Reciprocal Agreement that dates back to 1968 and has become outmoded and unworkable. It is estimated that multi-jurisdictional plans account for about 20 per cent of all pension plans and 40 per cent of all plan members in Canada. FSCO currently oversees 1,700 multi-jurisdictional pension plans.

In November 2009, CAPSA released the final Commentary Guide to aid in understanding and applying the proposed agreement. The guide contains the text of each provision, followed by explanatory notes as well as examples where necessary.

Legislation is required for adoption of the proposed agreement by jurisdictions across the country. In March 2010, the Ontario government introduced amendments to the *Pension Benefits Act* that will enable the Minister of Finance to become a signatory to the new agreement.

#### Prudent Investment and Funding

A discussion paper on key areas of prudence surrounding pension plan funding and the investment of plan assets was released for public consultation in November 2009. CAPSA believes that sound pension plan

governance in terms of best practices in plan funding and investment is essential for plan members to receive the promised benefits.

The goal of this initiative is to develop guidance for sponsors and administrators of plans of all types and sizes across Canada. The consultation period was scheduled to end in April 2010.

*CCIR Highlights*

CCIR brings together insurance regulatory authorities from all Canadian jurisdictions to promote a harmonized and effective regulatory system that protects consumers and enhances confidence in the insurance marketplace. During 2009-2010 FSCO took part in a series of CCIR projects.

**Implementing Point of Sale Disclosure**

Segregated funds and mutual funds are similar investment products but are subject to different regulatory regimes, with segregated funds falling under insurance regulators and mutual funds under securities regulators. In October 2008, the Joint Forum released a framework for point of sale disclosure for segregated funds and mutual funds, concluding a five-year project to create a more effective, harmonized consumer disclosure system for these products. The vision behind the framework is to provide investors with meaningful information before they make the decision to buy a fund.

The Joint Forum turned the framework over to CCIR and the CSA to lead implementation in their respective sectors. CCIR worked with the Canadian Life and Health Insurance Association (CLHIA) to implement the point of sale disclosure framework for segregated funds. This work resulted in the CLHIA's adoption of a revised guideline that will take effect on January 1, 2011.

**Intermediary Regulation Working Group**

The Joint Forum has undertaken a review of the regulation of financial services intermediaries, centred mainly on those who sell mutual funds and segregated funds. As an outgrowth of this initiative, CCIR is reviewing compliance monitoring by insurers to assess how effectively they supervise their agents. A specific aim is to determine if insurance companies are verifying that their intermediaries conduct an analysis of client needs before selling segregated funds.

Throughout the year, a CCIR working group conducted research and interviews with industry members. The findings were reported to CCIR's spring 2010 meeting, which approved the recommendation to check the results through on-site reviews at several insurers.

**Standards of Practice Standing Committee**

With the increased focus on risk-based market conduct supervision, regulators are putting more emphasis on sound governance practices, standards and guidelines in the insurance industry. To encourage the industry's efforts, CCIR created the Standards of Practice Standing Committee as a mechanism to review and comment on standards and guidelines developed by industry organizations. During 2009-2010, the committee reviewed two guidelines.

**Credit Scoring**

The use of consumer credit information by insurers has been the subject of inquiries to regulators and has attracted media attention. In April 2009, on behalf of most CCIR members, FSCO sent a questionnaire to 34 property and casualty insurance companies to get a better understanding of how they use credit scoring and the impact this has on consumers. All the insurers completed the questionnaire.

The results of the survey were compiled in a report published in August 2009. Subsequently, CCIR set up a working group to further examine issues and options around the use of credit scoring models by insurers in rating, underwriting and other areas.

**Agency Regulation**

Managing general agencies, wholesale agencies, wholesale brokers and third party administrators perform various functions on behalf of insurance companies – such as product design, marketing, underwriting and claims management. The presence of these entities has been growing throughout Canada, and a CCIR committee is reviewing their regulation. The aim is to identify risks to consumers as well as potential regulatory concerns. During the year, the committee conducted research and met with industry representatives to gain a deeper appreciation of the issues. A consultation paper is expected to be released in 2010-2011.

## Modernizing Ontario's Regulatory Framework

FSCO supports the government's commitment to keep financial regulation in step with rapid changes in the marketplace. FSCO also supports efforts to build a modern regulatory framework that will reinforce Ontario's competitive advantage and sustain a healthy business climate.

FSCO's policy activities at the provincial level regarding pension plans and automobile insurance are described in the **Overseeing Pension Plans** and **Supporting the Automobile Insurance System** sections, respectively, in this annual report.

*New Era of Credit Union Regulation*

Following the passage of major amendments to the *Credit Unions and Caisses Populaires Act, 1994* in 2007, the Ministry of Finance, the Deposit Insurance Corporation of Ontario (DICO) and FSCO worked collaboratively with stakeholders to develop new regulations to accompany the legislative changes. A draft version was released for public consultation in early 2009.

The amendments to the Act came into force on October 1, 2009, together with a General Regulation to replace four previous regulations. The changes give credit unions the flexibility to remain competitive in the financial services marketplace and also preserve the soundness of the regulatory system and update consumer protection standards.

Under the new regulatory framework, some functions of the Superintendent of Financial Services have been transferred

to DICO – including responsibility for monitoring and enforcing compliance with capital and liquidity requirements, restrictions on borrowing, pledging of assets and lending and investments. In addition, the Superintendent and DICO now have the power to impose administrative monetary penalties for contraventions of certain requirements.

A new Cost of Borrowing and Disclosure to Borrowers Regulation will take effect on October 1, 2010. This will require credit unions and caisses populaires to provide their members with more information when borrowing money or obtaining a credit card.

## PROTECTING CONSUMERS THROUGH INFORMATION

Knowledgeable consumers are better equipped to protect their own interests. This is why FSCO views consumer information as a key aspect of its consumer protection mandate.

From planning for retirement, to taking out a home mortgage, to buying auto insurance, consumers face an increasingly complex array of choices. FSCO is working to improve financial literacy and provide access to current, accurate and balanced information to help consumers make sound decisions.

### Website Traffic Increases

The www.fsco.gov.on.ca website remains FSCO's leading vehicle for reaching the public. In 2009-2010, the site averaged 8,000 daily visitors, up from 6,000 the previous year, with more than 50,000 page views per day. The most popular areas were licensing and regulation, auto insurance and related claims forms and – new to the top 10 list – the mortgage broker industry web portal.

#### *Financial Literary Portal*

In summer 2009, FSCO launched the Financial Literacy Portal on the website, offering one-window access to educational information on effective money management. The portal acts as a gateway to the vast amount of information available online to help consumers improve their financial literacy.

Links are provided to tools and resources on financial topics including insurance, banking, financial planning, mortgages and investing, and are bundled around groups such as youth, near-retirees and retirees. FSCO is committed to keeping the listings up to date.

#### *New Mortgage Resources for Consumers*

In 2008, FSCO set up a new consumer information portal on the website to support the *Mortgage Brokerages, Lenders and Administrators Act, 2006*. In 2009-2010, FSCO published two new inserts for the consumer mortgage kit available through the portal. Entitled *Understand the Risks of Getting a Mortgage* and *Mortgage Checklist*, these handouts were also distributed at consumer events.

#### *Website Review Project*

FSCO's Website Review Project continued in 2009-2010, examining both the content and functioning of the site. The information gathering stage was completed, including a content audit, benchmarking study, technical assessment, focus group studies and surveys. Based on the findings, FSCO will proceed to design and implement improvements in 2010-2011.

### Consumer News Segments Reach Millions

FSCO arranged for the distribution of informative consumer articles to daily and community newspapers on such timely themes as:

- pension rights
- locked-in retirement savings accounts
- auto insurance tips
- mortgages.

In all, this initiative reached more than 8 million readers. The estimated audience for the print insertions was 4.65 million. The articles were also posted on the websites of 52 newspapers, magazines and financial experts, gaining exposure to over 3.7 million online readers.

FSCO publishes a variety of consumer brochures and other public information materials. In 2009-2010, requests for these publications from industry associations, consumer groups and MPP constituency offices totalled about 4,000. Hard copies are also distributed to the public free of charge through Publications Ontario's bookstores, Government Information Centres and public libraries. Electronic versions of all titles are posted on FSCO's website.

### Outreach at Consumer Shows

Consumer shows give FSCO the opportunity for face-to-face contact with the public.

Each year, FSCO has a strong presence at the Canadian International Auto Show in Toronto. At the February 2010 event, FSCO hosted an exhibit booth on *Auto Insurance: Get the Facts!* where staff answered questions, handed out print materials and demonstrated online products. In all, FSCO interacted with about 4,000 consumers and distributed about 20,000 print items at the 10-day event.

Earlier in the fiscal year, in April 2009, FSCO took part in the Metro Home Show in Toronto. About 1,100 consumers visited FSCO's exhibit booth on the theme *Regulating Financial Services*. Staff answered questions and distributed about 7,000 print items, including consumer publications on insurance and pensions.

### Inquiries Hold Steady

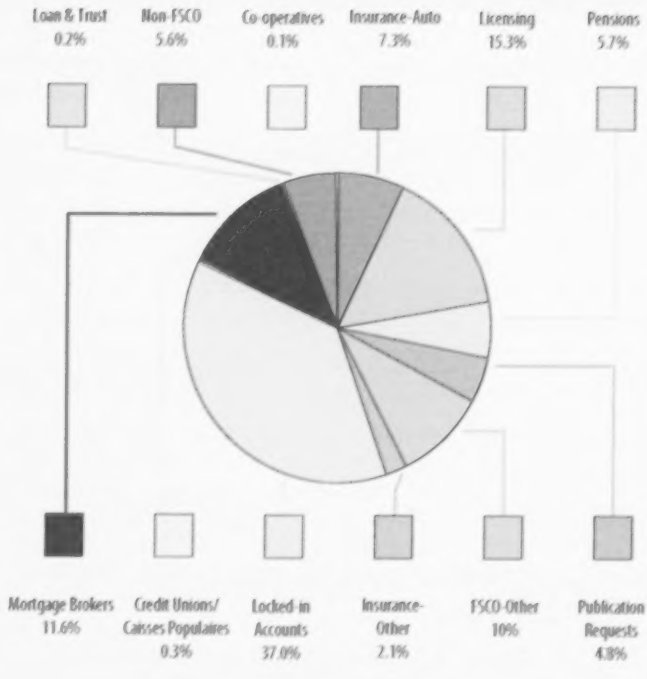
As the first point of contact for stakeholders and the public, FSCO's consumer services staff respond to telephone inquiries and correspondence. They provide information and advice on FSCO's procedures as well as information on the legislation and regulations FSCO administers.

During 2009-2010, staff responded to 85,000 inquiries – down only slightly from the previous year – as stakeholders and consumers continued to turn to FSCO for information and resources during uncertain economic times. Once again, the largest number of inquiries – more than 31,400 – dealt with access to locked-in retirement funds in case of financial hardship or requests for application forms for unlocking.

The total number of inquiries about the mortgage broker sector decreased from the previous year, when new legislation took effect. However, the first renewal cycle for mortgage broker and agent licences started in early 2010. As a result, the average number of calls in the last six months of 2009-2010 was more than four times the level in the previous six months.

The volume of inquiries about automobile insurance increased from month to month during the year, as stakeholders and the public anticipated the implementation of automobile insurance reforms in September 2010.

**Public and Stakeholder Inquiries – 2009-2010**




## GETTING THE MOST FROM ORGANIZATIONAL RESOURCES

The recession has forced many organizations in the regulated sectors to streamline their businesses and curtail their expenditures. In this climate especially, FSCO is determined to obtain the best results from its human, financial, technological and physical resources. FSCO recognizes that is accountable for the efficiency and quality of the regulatory services it provides.

### Information Technology Investments

In March 2010, FSCO launched the Compliance and Enforcement Tracking System (CETS) II, which expands on the first release of the system that initially focused on automobile insurance. The latest release consolidated five complaint and enforcement tracking systems and created links with three others. FSCO's compliance, investigations and legal staff are now able to collaborate more closely and track compliance and enforcement activities automatically. FSCO continues to work on the reporting function.

FSCO continued to roll out its platform migration strategy to migrate and integrate core applications utilizing the latest technology. The dispute resolution case management system was redeveloped and implemented on the new platform. This effort consolidated three separate systems for managing cases for mediation, arbitration and appeals, while adding enhancements such as an integrated scheduling function to increase productivity.

The *Mortgage Brokers, Lenders and Administrators Act, 2006* provides for administrative monetary penalties (AMP) in cases of noncompliance. The Expedited Electronic AMP system, developed during the year, facilitates the efficient, cost-effective and almost paperless use of this new regulatory tool by frontline FSCO staff.

### International Financial Reporting Standards

Canada is moving toward the adoption of the International Financial Reporting Standards (IFRS), an initiative expected to transform the way financial information is reported. In 2011, the IFRS will replace the current Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises – including publicly listed companies and enterprises with fiduciary responsibilities such as insurance companies and credit unions. FSCO continues to monitor the adoption of the IFRS by the regulated sectors.

Ontario-regulated insurance companies are required to file progress reports every six months with FSCO on their plans to adopt the IFRS. All other insurance companies in Ontario must comply with the requirements of the federal Office of the Superintendent of Financial Institutions. In 2009, FSCO set up an IFRS portal on its website to provide stakeholders with up-to-date information.

### Service That Matters

#### *OPS Service Directive*

In mid-2008 the Ontario Public Service (OPS) Service Directive was issued to support the modernization of the OPS. In line with the directive, FSCO developed a Customer Service Commitment statement setting out the service principles that will guide FSCO in meeting or exceeding client expectations. Posted on the FSCO website, the statement declares that FSCO staff will:

- Be fair, unbiased, objective, impartial and courteous, performing work with respect and dignity;
- Provide accessible services to customers in both official languages;
- Strive to identify and pursue ways to improve programs and services;
- Deliver efficient and effective services within appropriate and established time frames;
- Listen to comments, suggestions and concerns in an effort to improve services and to meet needs;
- Respond to inquiries or complaints within established standards;
- Maintain a high level of competence by committing to continuous learning and keeping abreast of new technologies, approaches and methods;
- Meet the government and FSCO quality-service standards.

The government-wide Common Service Standards cover telephone contacts, correspondence, in-person service, and customer feedback and complaint resolution. As well, FSCO developed Service Charters for key business areas, such as pension plans and auto insurance rate review, and posted them on FSCO's intranet as a guide to staff.

### *Accessibility for Ontarians with Disabilities Act*

Ontario's first accessibility standard – for customer service – came into force for public sector organizations, including FSCO, on January 1, 2010. The customer service standard is part of the government's initiative under the *Accessibility for Ontarians with Disabilities Act, 2005* to make the province accessible for people with disabilities by 2025.

Consistent with the standard, FSCO issued a Customer Service Policy on Providing Goods and Services to People with Disabilities. The policy expresses FSCO's commitment to provide people with disabilities with the same opportunity to access goods and services and to benefit from the same services in the same place and in a similar way, as other customers. The policy then outlines the steps FSCO will take to achieve this, such as: communicating with persons with disabilities in ways that take into account their disability; welcoming people with disabilities who are accompanied by a service animal to premises open to the public; and endeavouring to provide assistive devices or technology to persons with disabilities who will be attending scheduled hearings or meetings. To support the policy, FSCO trained all front-line managers and staff about meeting the needs of customers with a variety of disabilities.

### Diversity@FSCO

The Diversity@FSCO program, launched in March 2009, is part of an ongoing government-wide effort to make the Ontario Public Service an inclusive, respectful, fair and discrimination-free workplace. FSCO's Diversity Team, made up of employees from across the organization, led a campaign of staff learning and engagement throughout 2009-2010 to foster a climate that celebrates and embraces diversity.

Activities included weekly staff emails highlighting days and events of significance on the calendar, Hanukkah and Chinese New Year displays, and a celebration of Black History Month in February 2010. The Black History commemoration featured a Lunch & Learn address by Hon. Mr. Justice Gregory Regis, Regional Senior Justice in the Ontario Court of Justice, who spoke about some of the lesser known contributors to the advancement of people of African descent.

# Report of the Financial Services Tribunal

The Financial Services Tribunal (FST) is an independent adjudicative body that hears appeals from decisions and reviews proposed decisions by the Superintendent of Financial Services. Proceedings are conducted at the request of affected parties. The FST has exclusive jurisdiction to exercise the powers conferred on it by legislation and to determine all questions of fact or law that arise in its hearings.

The FST is composed of nine to 15 members, including the Chair and two Vice-Chairs (who are also the Chair and Vice-Chairs of FSCO), all appointed by the Lieutenant Governor in Council. Most cases are heard by a panel of three FST members, though in some circumstances a panel may have only one member.

The FST is committed to providing an expert, impartial hearing process that is accessible, prompt and fair. It has established its own Rules of Practice and Procedure and issued Practice Directions to guide the conduct of its hearings. Proceedings are also governed by the *Statutory Powers Procedure Act*. The FST has adopted streamlined procedures to expedite requests for hearings on decisions by the Superintendent regarding access to locked-in funds in cases of financial hardship.

For the convenience of hearing participants, the FST's hearing schedule, decisions, Rules of Practice and Procedure, and Practice Directions are posted online on the FST website at www.fstontario.ca. Biographical sketches of current FST members may also be found on this site.

**Recent Initiatives**

In 2009-2010, a priority for the FST was the training of members on new developments in administrative law relating to adjudicative tribunals, and on *Credit Unions and Caisses Populaires Act, 1994* amendments, the *Accessibility for Ontarians with Disabilities Act, 2005* and privacy and confidentiality legislation.

The FST has established a Legal Advisory Committee. The FST Chair met regularly with the chair of the committee during the year. Through this channel, the FST obtained the committee's input on various procedural issues, including revisions to the Tribunal's rules and forms with the aim of streamlining processes and continuing to meet the objective of providing timely and fair hearings.

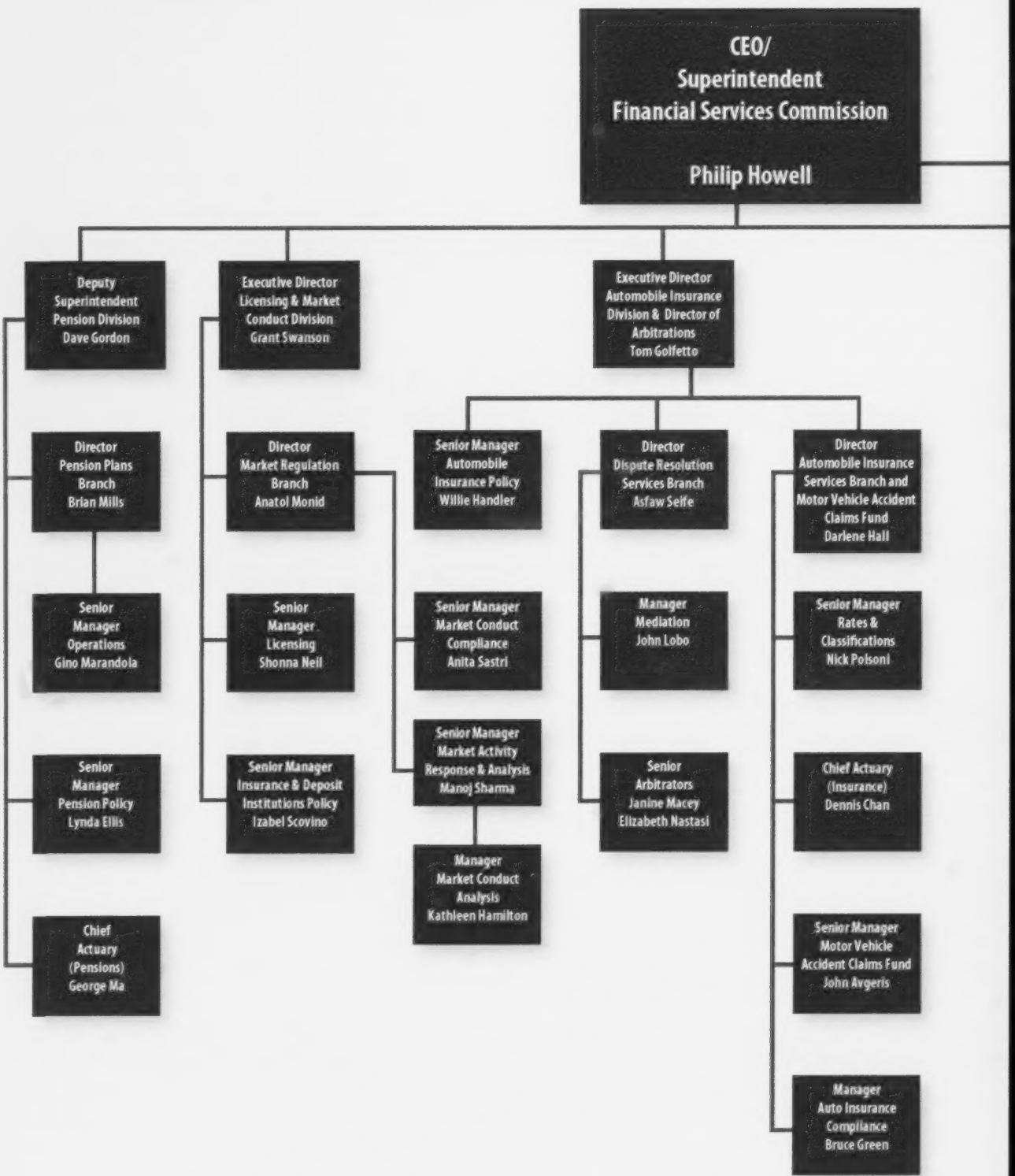
| Financial Services Tribunal Activities 2009-2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Activity** | **Pension Matters (Excluding Financial Hardship)** | **Pension Matters (Financial Hardship)** | **Mortgage Brokering Matters** | **Insurance Matters** | **Credit Union Matters** | **Loan & Trust Matters** | **Total 2009-2010** | **Total 2008-2009** |
| Number of Cases Pending at Beginning of Fiscal Year | 21 | – | 62 | – | – | – | 83* | 13 |
| New Cases Received | 10 | – | 15 | – | – | – | 25 | 99 |
| Oral Hearing Days | 23 | – | 31 | – | – | – | 54 | 13 |
| Written Hearings | – | – | – | – | – | – | – | – |
| Other Activity Days – Including: Pre-Hearing Conferences, Telephone Conferences, Settlement Conferences and Motions | 48 | – | 35 | – | – | – | 83 | 82 |
| Total Hearing (Oral and Written) and Activity Days before FST | 71 | – | 66 | – | – | – | 137 | 95 |
| Files Closed | 15 | – | 69 | – | – | – | 84 | 28 |
| Cases Pending at End of Fiscal Year | 16 | – | 8 | – | – | – | 24 | 84* |

*Notes:*

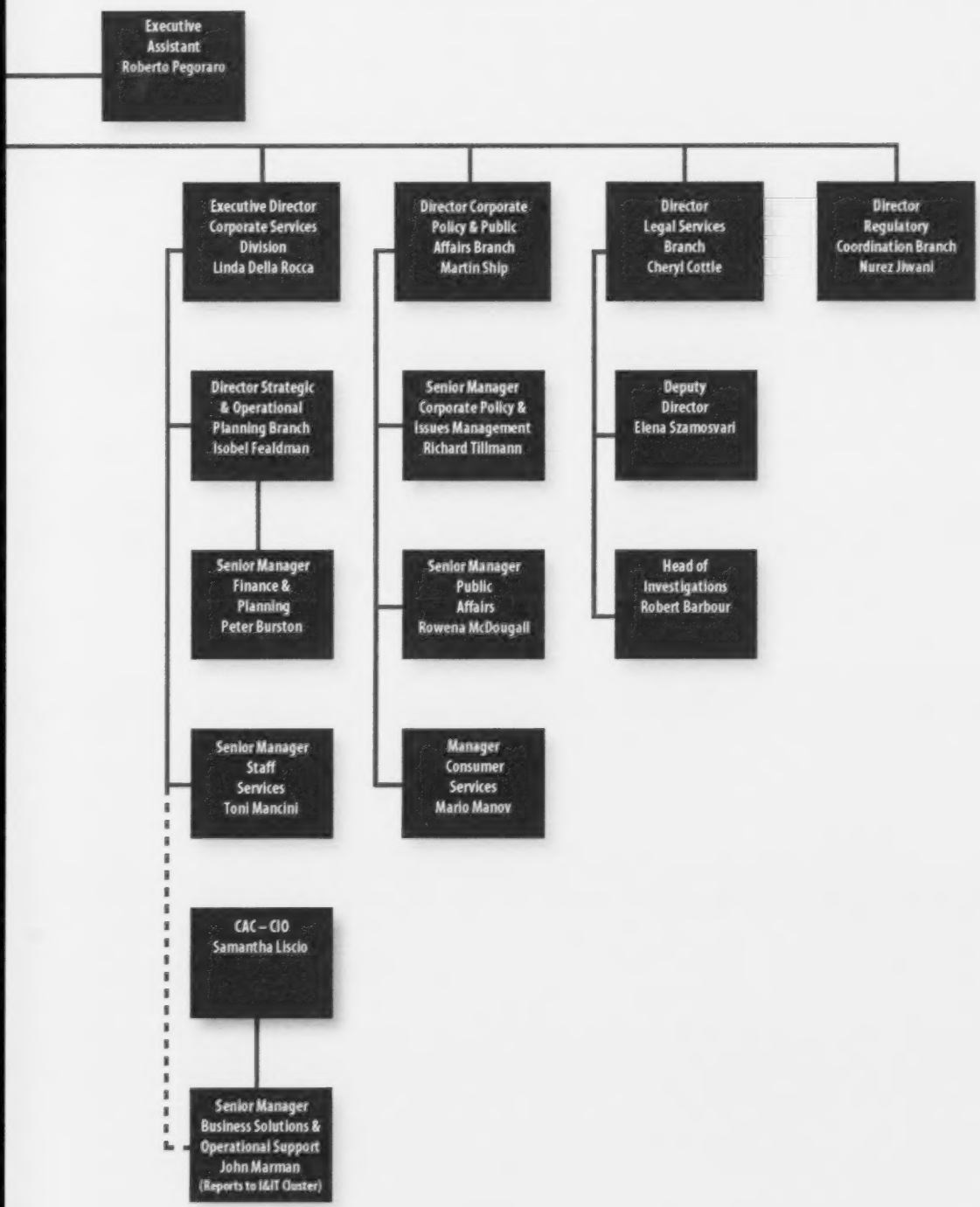
1. *Table does not include FST quarterly meetings, days for deliberation or decision writing.*
2. *Numbers may reflect activity in respect of files opened prior to 2009-2010 fiscal year.*
3. *Written hearings may relate to financial hardship matters, motions, requests for costs or requests for a review of a decision.*

* *Figures differ because one mortgage broker case was closed in 2009-2010 retroactive to the previous year.*

# Financial Services Commission of Ontario



# Organization Chart
## As at March 31, 2010


Executive Assistant Roberto Pegoraro
Executive Director Corporate Services Division Linda Della Rocca
Director Corporate Policy & Public Affairs Branch Martin Ship
Director Legal Services Branch Cheryl Cottle
Director Regulatory Coordination Branch Nurez Jiwani
Director Strategic & Operational Planning Branch Isobel Fealdman
Senior Manager Corporate Policy & Issues Management Richard Tillmann
Deputy Director Elena Szamosvari
Senior Manager Finance & Planning Peter Burston
Senior Manager Public Affairs Rowena McDougall
Head of Investigations Robert Barbour
Senior Manager Staff Services Toni Mancini
Manager Consumer Services Mario Manov
CAC – CIO Samantha Liscio
Senior Manager Business Solutions & Operational Support John Marman (Reports to I&IT Ouster)

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

# FINANCIAL SERVICES COMMISSION OF ONTARIO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

# Management's Statement


**Financial Services Commission of Ontario**

Chief Executive Officer and
Superintendent of Financial Services

5160 Yonge Street
Box 85, 17th Floor
Toronto ON M2N 6L9

Telephone: (416) 590-7000
Facsimile: (416) 590-7078

**Commission des services financiers de l'Ontario**

Directeur général et
surintendant des services financiers

5160, rue Yonge
boîte 85, 17e étage
Toronto ON M2N 6L9

Téléphone: (416) 590-7000
Télécopieur: (416) 590-7078


Ontario

**September 17, 2010**

**Management's Responsibility for Financial Information**

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. Under the Act the Superintendent is responsible for the financial and administrative affairs of the Commission.

Under the direction of the Superintendent, Management of the Commission is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements involves the use of management's judgment and best estimates particularly when transactions affecting the current period cannot be determined with certainty until future periods.

Management of the Commission is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and safeguarding of its assets.

The financial statements have been audited by the Office of the Auditor General. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. They have been approved by the Commission's Audit and Risk Committee. The Auditor's report follows.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

L. Della Rocca
Executive Director,
Corporate Services Division

# Auditor's Statement

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

**Auditor's Report**

To the Financial Services Commission of Ontario
and to the Minister of Finance

I have audited the balance sheet of the Financial Services Commission of Ontario as at March 31, 2010 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

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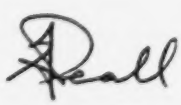


Toronto, Ontario
September 17, 2010

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

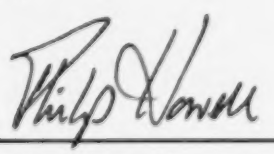
# Balance Sheet
## As at March 31, 2010

| | 2010 ($ 000) | 2009 ($ 000) (Restated - Note 13(a)) |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | 7 | 7 |
| Accounts receivable | 2,979 | 702 |
| Prepaid expenses | 78 | 73 |
| Due from the Province (Note 8b) | 30,832 | 25,082 |
| | 33,896 | 25,864 |
| Computer software, net (Note 3) | 3,540 | 2,981 |
| Capital assets, net (Note 4) | 5,886 | 2,711 |
| | 43,322 | 31,566 |
| **LIABILITIES AND NET ASSETS** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | 12,875 | 9,866 |
| | 12,875 | 9,866 |
| Employee future benefits obligation (Note 8a) | 7,705 | 7,449 |
| Deferred revenue (Note 5) | 10,875 | 7,969 |
| Deferred lease inducements (Note 6) | 2,441 | 580 |
| Net assets | | |
| Invested in computer software and capital assets | 9,426 | 5,692 |
| | 43,322 | 31,556 |

Commitment and Contingencies (Note 10)

See accompanying notes to financial statements

Approved by:



Chief Executive Officer and
Superintendent of Financial Services

# Statement of Operations
## For the Year Ended March 31, 2010

| | 2010 ($ 000) | 2009 ($ 000) |
|---|---|---|
| **Revenue** (Note 7) | | |
| Assessments | 42,102 | 42,501 |
| Licenses, Fees and Registrations | 9,222 | 11,049 |
| Other | 129 | 118 |
| | 51,453 | 53,668 |
| **Expenses** | | |
| Salaries and wages | 34,599 | 33,066 |
| Employee benefits (Note 8a) | 7,364 | 7,097 |
| Transportation and communication | 676 | 788 |
| Services | 14,737 | 14,172 |
| Supplies and equipment | 824 | 820 |
| Amortization | 1,662 | 1,212 |
| Bad debt expense | - | 137 |
| | 59,862 | 57,292 |
| Less: Recoveries (Note 9) | 3,452 | 2,999 |
| Ministry of Finance contribution | 1,037 | - |
| | 55,373 | 54,293 |
| **Deficiency of revenue over expenses** | (3,920) | (625) |

See accompanying notes to financial statements

# Statement of Cash Flows
## For the year ended March 31, 2010

| | 2010 ($ 000) | 2009 ($ 000) |
|---|---|---|
| **Net inflow (outflow) of cash related to the following activities** | | |
| **Cash flows from operating activities** | | |
| Deficiency of revenue over expenses | (3,920) | (625) |
| Items not affecting cash | | |
| Amortization | 1,662 | 1,212 |
| Rent expense not paid in cash | 329 | 640 |
| Employee future benefits (Note 8a) | 256 | (45) |
| Changes in non-cash working capital | | |
| Accounts receivable | (2,277) | 888 |
| Prepaid expenses | (5) | 40 |
| Accounts payable and accrued liabilities | 2,536 | 2,563 |
| Due from the Province | 1,904 | (6,079) |
| Deferred revenue | 2,906 | 3,614 |
| | 3,391 | 2,208 |
| **Cash flows from investing activity** | | |
| Leasehold improvement allowance from landlord | 2,005 | – |
| | 2,005 | – |
| **Cash flows from investing activity** | | |
| Purchase of computer software and capital assets | (5,396) | (2,208) |
| | (5,396) | (2,208) |
| **Net change in cash position** | – | – |
| **Cash position, beginning of year** | 7 | 7 |
| **Cash position, end of year** | 7 | 7 |

See accompanying notes to financial statements

## 1. OPERATIONS OF THE COMMISSION

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. The Commission's mandate through its regulated activities is to protect the public interest and enhance public confidence in insurance, pensions, credit unions, trust companies, caisses populaires, co-operatives and mortgage brokers, and also to make recommendations to the Minister of Finance on matters affecting the regulated sectors. The Commission administers the following legislation: *Insurance Act, Pension Benefits Act, Credit Unions and Caisses Populaires Act, Loan and Trust Corporations Act, Mortgage Brokers, Lenders and Administrators Act* and *Co-operative Corporations Act*. As a regulatory agency of the Province of Ontario, the Commission is exempt from income taxes.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies used to prepare these statements are summarized below.

### (a) Computer Software

Computer software is an intangible asset and is recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life beginning in the year following acquisition or in the year following substantial completion of custom developed software. The estimated useful life of the Commission's intangible assets has been estimated as follows:

| | |
|---|---|
| Purchased software | 3 years |
| Custom developed software | 3 - 5 years |

### (b) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over their estimated useful life beginning in the year following acquisition. The estimated useful life of the Commission's capital assets has been estimated as follows:

| | |
|---|---|
| Office furniture and equipment | 5 years |
| Computer hardware | 3 years |
| Leasehold improvements | over the term of the lease |

### (c) Revenue Recognition

Assessment revenues from the insurance, pension, credit union, caisses populaires and the loan and trust sectors are recognized when the recoverable costs to administer the various Acts governing these sectors are incurred.

Revenues from fees, licenses and registrations are recognized in the year to which they pertain.

### (d) Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classifications.

The Commission's financial assets and liabilities are classified as follows:

i. Accounts receivable are classified as loans andreceivables and are valued at face value which approximates fair value given their short term maturities.

ii. Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded at face value which approximates fair value given their short term maturities.

iii. The accrued employee benefits obligation is classified as another financial liability and is recorded at cost based on the entitlements earned by employees up to March 31, 2010. A fair value estimate based on actuarial assumptions about when these benefits will actually be paid has not been made.

The CICA implemented two new handbook sections for fiscal years starting on or after October 1, 2007: 3862 Financial Instruments - Disclosure; and 3863 Financial Instruments -Presentation. These sections replace Section 3861 Financial Instruments - Disclosure and Presentation for many organizations and require more extensive disclosures including information about risk assessment, risk management procedures, and sensitivity analyses around each type of risk. However, the CICA provided not-for-profit organizations with the option of continuing to use Section 3861, and the Commission has decided to do so, given that management believes that the Commission is not exposed to significant interest, currency or credit risks arising from its financial instruments.

### (e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual amounts could differ from these estimates.

## 3. COMPUTER SOFTWARE

| | 2010 | | | 2009 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| | | ($ 000) | | |
| Purchased computer software | 872 | 633 | 239 | 466 |
| Custom developed software | 5,099 | 3,692 | 1,407 | 1,996 |
| Computer software under development | 1,894 | | 1,894 | 519 |
| | 7,865 | 4,325 | 3,540 | 2,981 |

## 4. CAPITAL ASSETS

| | 2010 | | | 2009 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| | | ($ 000) | | |
| Leasehold improvements | 5,743 | 2,077 | 3,666 | 1,011 |
| Computer hardware | 2,113 | 1,100 | 1,013 | 790 |
| Office furniture and equipment | 1,399 | 192 | 1,207 | 910 |
| | 9,255 | 3,369 | 5,886 | 2,711 |

## 5. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATION

Deferred revenue represents payments received for fees, licences and registrations that cover more than the current fiscal year. The deferred portion is recognized as revenue when the applicable future licence year occurs. The changes in the deferred revenue balances during fiscal 2009-10 are summarized as follows:

| | Balance, beginning of year | Received during year | Recognized during year | Balance, end of year |
|---|---|---|---|---|
| | | ($ 000) | | |
| Insurance Agents | 3,634 | 3,498 | 3,880 | 3,252 |
| Adjusters | 24 | 106 | 106 | 24 |
| Mortgage Brokers | 3,415 | 7,172 | 3,835 | 6,752 |
| Corporations | 896 | 775 | 882 | 789 |
| Other | | 58 | | 58 |
| | 7,969 | 11,609 | 8,703 | 10,875 |

## 6. DEFERRED LEASE INDUCEMENTS

The Commission's office accommodation lease has been extended from October 31, 2008 to October 31, 2015 with two further options to extend the term for five years each. The lease extension includes a leasehold improvement allowance in the amount of $2.0 million for renovations in the first two years and no base rent payable for the first ten months of the lease extension.

During fiscal 2009/2010, the Commission utilized the entire allowance. The deferred lease inducement is made up of the portion of future lease payments attributed to the rent-free period and the leasehold improvements allowance and will be recognized as reduced rent expense over the term of the lease on a straight line basis. Amounts to be recognized within one year of $0.533 million (2009-$0.060 million) are included in accounts payable and accrued liabilities.

| | 2010 ($ 000) | 2009 ($ 000) |
|---|---|---|
| Balance, beginning of year | 640 | |
| Add: Lease Inducements | | |
| Free Rent (2010-5 months, 2009-5 months) | 640 | 640 |
| Leasehold improvement allowance | 2,005 | |
| | 3,285 | 640 |
| Less: Lease Inducements Amortization | (311) | |
| Balance, end of year | 2,974 | 640 |

## 7. REVENUE

For the fiscal year, revenue from the following Acts and regulations made under the Acts administered by the Commission are:

| | 2010 ($ 000) | 2009 ($ 000) |
|---|---|---|
| ***Insurance Act*** | | |
| Insurer assessment | 24,977 | 27,921 |
| Fees, licenses and other | 5,001 | 4,822 |
| ***Pension Benefits Act*** | | |
| Pension plan assessment | 15,669 | 13,071 |
| Registration fees and other | 122 | 209 |
| Pension unlocking fees and other | 241 | 2,807 |
| ***Credit Unions and Caisses Populaires Act*** | | |
| Credit Union assessment | 1,262 | 1,388 |
| Fees and other | 106 | 144 |
| ***Loan and Trust Corporations Act*** | | |
| Loan and Trust assessment | 195 | 121 |
| Fees, licenses and registrations | 1 | 14 |
| ***Mortgage Brokers, Lenders and Administrators Act*** | | |
| Fees, Licenses, Registrations and other | 3,865 | 3,162 |
| ***Co-operative Corporations Act*** | | |
| Fees and other | 14 | 9 |
| | 51,453 | 53,668 |

## 8. RELATED PARTY TRANSACTIONS

### (a) Employee Benefits

The Commission's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by the Commission's employees is recognized in the Province's consolidated financial statements. These benefits are accounted for by the Commission as follows:

i. **Pension Benefits**
The Commission's full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Commission's annual payments to the funds. Since the Commission is not a sponsor of these funds, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the Commission, as the sponsors are responsible for ensuring that the pension funds are financially viable. The Agency's annual payments of $2.153 million (2009 - $2.182 million) are included in employee benefits in the Statement of Operations

ii. **Employee Future Benefits Obligation**
Employee future benefits include accrued severance entitlements, unused vacation and other future compensation entitlements earned. Severance entitlements under the *Public Service of Ontario Act (2006)* were non-actuarially estimated based on one weeks pay for every year of service for those employees with a minimum of five years of service. These costs for the year amount to $0.241 million (2009 - $0.167) million) and are included in employee benefits and salaries and wages in the Statement of Operations. Amounts due within one year totaling $2.6 million are included in accounts payable and accrued liabilities.

iii. **Other Non-Pension Post-Employment Benefits**
The cost of other non-pension post-retirement benefits is determined and funded on an ongoing basis by the Ontario Ministry of Government Services and accordingly is not included in these financial statements.

### (b) Amounts due from/to the Province

Cash receipts are deposited into the Consolidated Revenue Fund (CRF) of the Province of Ontario. Expenses are paid out of monies appropriated therefore by the Legislature of the Province of Ontario. The difference between the cash receipts submitted to the Province and the expenses paid or owing the Province is reflected in the financial statements as either a due from or due to the Province depending on the timing of the cash flows.

### (c) Other administrative expenses

The Ontario Ministry of Government Services absorbs the costs of certain administrative expenses. The Ministry of Finance has charged certain human resources and financial administration costs to the Commission in the amount of $1.097 million (2009 - $1.231 million).

## 9. RECOVERIES

The Commission provides administrative and other support services to a number of organizations and recovers the costs of providing these services from the organizations in accordance with the memorandum of understanding or agreement signed with the respective organizations. Details of these recoveries are as follows:

| | 2010 ($ 000) | 2009 ($ 000) |
|---|---|---|
| Motor Vehicle Accident Claims Fund (Related Party) | 1,934 | 1,561 |
| Pension Benefits Guarantee Fund (Related Party) | 506 | 391 |
| General Insurance Statistical Agency | 350 | 364 |
| Joint Forum of Financial Market Regulators | 232 | 235 |
| Canadian Association of Pension Supervisory Authorities | 173 | 182 |
| Canadian Council of Insurance Regulators | 243 | 219 |
| Canada Revenue Agency | 14 | 20 |
| Deposit Insurance Corporation Of Ontario | | 27 |
| | 3,452 | 2,999 |

## 10. COMMITMENT AND CONTINGENCIES

(a) The Commission's office accommodation lease has been extended from October 31, 2008 to October 31, 2015 as explained in Note 5. As a result the Commission is committed to minimum lease payments for office space as follows:

| | ($ 000) |
|---|---|
| 2010/11 | 5,047 |
| 2011/12 | 5,242 |
| 2012/13 | 5,461 |
| 2013/14 | 5,536 |
| 2014/15 | 5,613 |
| thereafter | 3,321 |
| | 30,220 |

(b) The Commission is involved in various legal actions arising out of the ordinary course of business. Settlements paid by the Commission, if any, will be accounted for in the period in which the settlement occurs. The outcome and ultimate disposition of these actions are not determinable at this time.

## 11. SECURITIES ON DEPOSIT

The *Insurance Act* authorizes the Commission to require insurance companies to deposit securities in any amount it considers necessary and on such conditions as it considers proper. Such amounts might be held to satisfy requirements of other jurisdictions with which the Province of Ontario has reciprocal agreements.

As at March 31, 2010, the face value of the securities held by the Commission under the *Insurance Act* was $1.732 million (2009 - $1.732 million). Income earned on the securities is paid directly to the insurance companies depositing the securities. These securities and the related income are not recorded in the financial statements.

## 12. CAPITAL DISCLOSURE

TThe Commission considers its capital to be its net assets invested in computer software and capital assets and uses this capital to fulfill its mandate to regulate the financial services industry. It does not expect to earn a rate of return on its capital because it is required by legislation to charge back the costs of regulating each sector within the financial services industry back to that sector without earning a profit. Computer software and capital assets are initially funded by the Province and are charged back to the industry sectors over the life of the assets. Any excess of revenue over expenses is credited to the Commission's account with the Province. There have been no significant changes to the Commission's capital management objectives, policies and processes in the year nor has there been any change in what the Commission considers to be its capital.

## 13. CHANGES IN ACCOUNTING POLICIES

**(a) Employee Future Benefits Obligation**

In previous years, the obligation only included costs for unused vacation and severance entitlement. The policy has been changed to include the obligations from unused management compensation days and senior management time-banking. The change was applied retroactively. As a result of the change, the combined current and long-term portions of the employee future benefits obligation as well as the amounts Due from the Province increased by $1.082 million as at March 31, 2009 and by $1.164 million as at March 31, 2010. There has been no change to the previously reported Deficiency of revenue over expenses from the fiscal year ending March 31, 2009 as most of those liabilities were incurred in prior years.

**(b) Computer Software**

The Commission adopted the new CICA Handbook Section 3064 Goodwill and Intangible Assets. Section 3064 provides guidance for the recognition, measurement, presentation and disclosure of intangible assets, including internally developed computer software. As a result of the adoption of the new requirement, computer software with a net book value of $2.981 million as at March 31, 2009 was reclassified from capital assets to computer software and had no impact on the deficiency of revenue over expenses.

## 14. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

# PENSION BENEFITS GUARANTEE FUND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2010

# Management's Statement

**Financial Services Commission of Ontario**

Deputy Superintendent
Pension Division

5160 Yonge Street
Box 85, 8th Floor
Toronto ON M2N 6L9

Telephone: (416) 226-7795
Facsimile: (416) 226-7787

**Commission des services financiers de l'Ontario**

Surintendant adjoint
Division des régimes de retraite

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Toronto ON M2N 6L9

Téléphone: (416) 226-7795
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Ontario

**June 24, 2010**

**Pension Benefits Guarantee Fund**
**Management's Responsibility for Financial Information**

The Superintendent of the Financial Services Commission of Ontario ("FSCO") pursuant to the *Financial Services Commission of Ontario Act, 1997* is responsible for the administration of the Pension Benefits Guarantee Fund.

Under the direction of the Superintendent, Management of FSCO is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements involves the use of management's judgement and best estimates particularly when transactions affecting the current period cannot be determined with certainty until future periods.

Management of FSCO, in the administration of the Pension Benefits Guarantee Fund, is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and safeguarding of its assets.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. They have been approved by the Commission's Audit & Risk Committee. The Auditor's report follows.

K. David Gordon
Deputy Superintendent, Pensions

Javier Aramayo
Acting Chief Accountant

# Auditor's Statement

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

**Auditor's Report**

To the Financial Services Commission of Ontario and to the Minister of Finance

I have audited the balance sheet of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario as at March 31, 2010 and the statements of operations and fund deficit and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission's pension benefits guarantee fund as at March 31, 2010 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
June 4, 2010

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

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# Balance Sheet
## As at March 31, 2010

| | 2010 ($ '000) | 2009 ($ '000) |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | 1 | 35 |
| Accounts receivable | 40,444 | 49,162 |
| Investments (Note 4) | 628,348 | 146,004 |
| | 668,793 | 195,201 |
| **LIABILITIES AND FUND DEFICIT** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | 3,456 | 4,573 |
| Current portion of loan payable | 11,000 | 11,000 |
| Claims payable | 410,751 | 83,516 |
| | 425,207 | 99,089 |
| **Loans payable (Note 5)** | 140,243 | 143,463 |
| | 565,450 | 242,552 |
| **Fund surplus/ (deficit)** | 103,343 | (47,351) |
| | 668,793 | 195,201 |

See accompanying notes to financial statements

Approved by:

Chief Executive Officer
and Superintendent of Financial Services
Financial Services Commission of Ontario

# Statement of Operations & Fund Deficit
## For the year ended March 31, 2010

| | 2010 ($ '000) | 2009 ($ '000) |
|---|---|---|
| **Revenue** | | |
| Provincial grant (Note 6) | 500,000 | |
| Premium revenue | 43,217 | 40,452 |
| Pension plan recoveries (Note 7) | 12,033 | 80,730 |
| Investment income (Note 4) | 566 | 2,792 |
| | 555,806 | 123,974 |
| **Expenses** | | |
| Claims | 391,771 | 58,716 |
| Amortization of loan discount (Note 5(a)) | 7,780 | 7,934 |
| Pension management fees (Note 8) | 5,137 | 1,783 |
| Interest on loans (Note 5 (b)) | 1,558 | |
| Administration fee (Note 9) | 506 | 391 |
| Investment management fees (Note 9) | 69 | 41 |
| Unrealized (gain) loss on investments (Note 4) | (180) | 242 |
| | 406,641 | 69,107 |
| Recoveries of pension management fees (Note 8) | (1,529) | |
| **Excess of revenue over expenses** | 150,694 | 54,867 |
| **Fund surplus / (deficit), beginning of year** | (47,351) | (102,218) |
| **Fund surplus / (deficit), end of year** | 103,343 | (47,351) |

See accompanying notes to financial statements

# Statement of Cash Flows
## For the year ended March 31, 2010

| | 2010 ($ '000) | 2009 ($ '000) |
|---|---|---|
| **Net inflow (outflow) of cash related to the following activities** | | |
| **Cash flows from operating activities** | | |
| Excess of revenue over expenses | 150,694 | 54,867 |
| Items not affecting cash: | | |
| Unrealized (gain) loss on investments (Note 4) | (180) | 242 |
| Amortization of loan discount (Note 5) | 7,780 | 7,934 |
| Non-cash recovery | | (586) |
| Loss on disposal of investments (Note 4) | 351 | 135 |
| | 158,645 | 62,592 |
| Changes in non cash working capital | | |
| Accounts receivable | 8,718 | (2,561) |
| Accounts payable and accrued liabilities | (1,117) | 1,179 |
| Claims payable | 327,235 | (32,936) |
| | 493,481 | 28,274 |
| **Cash flows from investing activities** | | |
| Purchases of investments | (4,040,087) | (2,713,913) |
| Proceeds from sale of investments | 3,557,572 | 2,696,574 |
| | (482,515) | (17,339) |
| **Cash flows from financing activities** | | |
| Proceeds on Loans | 130,000 | |
| Loan repayments | (141,000) | (11,000) |
| | (11,000) | (11,000) |
| **Change in cash position** | (34) | (65) |
| **Cash position, beginning of year** | 35 | 100 |
| **Cash position, end of year** | 1 | 35 |

See accompanying notes to financial statements

## 1. STATUTORY AUTHORITY

The Pension Benefits Guarantee Fund (the "Fund") is continued under the *Pension Benefits Act, R.S.O. 1990, c. P.8* (the "Act").

## 2. FUND OPERATIONS

The purpose of the Fund is to guarantee payment of certain pension benefits of certain defined benefit pension plans wound up under conditions specified in the Act and regulations thereto. The regulations also prescribe an assessment payable into the Fund by plan registrants.

The Act provides that if the assets of the Fund are insufficient to meet payments for claims, the Lieutenant Governor in Council may authorize the Minister of Finance of Ontario to make loans or grants on such terms and conditions as the Lieutenant Governor in Council directs. The total liability of the Fund to guarantee pension benefits is limited to the assets of the Fund including any loans or grants received from the Province.

The Superintendent of the Financial Services Commission of Ontario ("FSCO") pursuant to the *Financial Services Commission of Ontario Act, 1997* is responsible for the administration of the Fund, and the Fund reimburses FSCO for the costs of the services provided. The investments of the Funds are managed by the Ontario Financing Authority, on a fee basis which are paid by the Fund.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared by the management of FSCO in accordance with Canadian generally accepted accounting principles. The significant accounting policies used to prepare these statements are summarized below.

### (a) Financial Instruments

The Fund follows the accounting standards issued by the Canadian Institute of Chartered Accountants pertaining to financial instruments. Under these standards, all financial instruments are included on the balance sheet and are measured either at fair market value, or in limited circumstances, at cost or amortized costs. The Fund has classified its financial instruments into the following categories:

- Cash and investments are classified as held for trading and recorded at fair value, with changes in fair value during the period recognized in the statement of operations and surplus.
- Accounts receivable is classified as receivables and valued at face value which approximates fair value given their short term maturities.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded at face value which approximates fair value given their short term maturities.
- The non-interest bearing loan payable is classified as other financial liabilities and due to the concessionary nature of the loan is reflected at amortized cost using the effective interest rate method. The initial valuation was determined by discounting future cash flows using the provincial cost of borrowing. The resulting benefit (the difference between the face value of the loan and the net present value) was accounted for as a grant in the year received and is amortized to loan discount expense over the term of the loan.

### (b) Claims payable

Claims payable are liabilities in respect of those defined benefit pension plans prescribed by the Act that are wound up or in the process of being ordered wound up under conditions specified in the Act, and the amounts can be reasonably estimated. Liabilities are also recognized when there is a high probability a company will not emerge from creditor protection and the pension plan will be wound up on a specified date and the claim can be reasonably estimated. Claims payable are based on information provided by appointed pension plan administrators or estimates provided from external consultants. These estimates represent the present value of future payments to settle claims for benefits and expenses by pension plans. The estimates of claims to be paid is reviewed and verified by FSCO's Deputy Superintendent of Pensions and Senior Manager, Operations.

The actual claims are reviewed and verified by FSCO's Chief Actuary and approved by FSCO's Deputy Superintendent of Pensions before any funds are paid out of the Fund.

Adjustments to the liabilities, if any, between the amounts recognized based on estimates and the actual claims made, will be charged or credited to the provision for claims in the year when the actual amounts are determined.

### (c) Premium revenue

An estimate of the premium revenue due from defined benefit pension plans at rates prescribed by the Act is recorded until receipt of the annual assessment certificate nine months after the plan's fiscal year end.

Adjustments to premium revenue, if any, between the estimated amounts recognized and the actual revenues due are charged or credited to revenue in the year when the actual amounts are determined.

### (d) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that FSCO's management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses for the period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from these estimates.

## 4. INVESTMENTS

As administrator of the investment assets of the Fund, FSCO has formed a Fund Management Committee, developed a Statement of Investment Policies and Guidelines and appointed the Ontario Financing Authority, a related party, as investment manager. The statement provides operational objectives, investment principles, policies and guidelines for the management of the investments and is reviewed annually.

Investments consist of:

| | 2010 ($'000) | | 2009 ($'000) | |
|---|---|---|---|---|
| | Market Value | Cost | Market Value | Cost |
| Short term deposits | 566,893 | 566,907 | 139,812 | 139,812 |
| Government and corporate bonds | 61,050 | 61,100 | 5,850 | 5,850 |
| Master asset vehicle notes | 405 | 405 | | |
| Pooled funds | | | 342 | 586 |
| | 628,348 | 628,412 | 146,004 | 146,248 |

Investment income includes interest earned from interest bearing securities and realized losses from the sale of securities. The realized loss on the sale of securities amounted to $351 thousand (2009 – realized loss of $135 thousand). Unrealized changes in the market value of investments are reflected separately on the statement of operations and fund surplus.

The Fund's investment portfolio is exposed to various risks, which are mitigated by the type of investment and therefore risk is low. The associated risks with the investments are as follows:

Interest rate and Liquidity risk:
Short term deposits have yields in the range of 0.229% to 0.435% (2009 – 0.4% to 0.6%), and government and corporate bonds have average yields of 0.381% for the current year (2009 – 1.6%). At March 31, 2010, a 1% move in interest rates could impact the market value by approximately $1,500 thousand. Short term deposits represent instruments in highly liquid investments that are readily converted into known amounts of cash.

Master Asset Vehicle corporate notes:
During the year the Pooled Funds investments in Asset Backed Commercial Paper (ABCP), received in fiscal 2009 as part of a pension plan settlement in respect of a claim previously paid out, were exchanged for Master Asset Vehicle (MAV) corporate notes. The MAV have a face value of $405 thousand with maturities ranging from October 2016 to July 2056. There is limited market activity for the notes. Management's best estimate of the net recoverable amount as at March 31, 2009 is $405 thousand.

## 5. LOANS PAYABLE

### (a) Non-interest Bearing Loan

On March 31, 2004, the Fund obtained a $330 million loan from the Province, a related party. The loan is non-interest bearing and repayable to the Province in thirty equal annual installments of $11 million. The loan agreement provides for the Minister of Finance to advance any installment payment date depending on the cash position of the Fund. Repayments over the next five years total $55 million.

The face value of this non-interest bearing loan has been discounted to reflect its fair value outstanding as of March 31, 2010 as follows:

| | 2010 ($'000) | 2009 ($'000) |
|---|---|---|
| Face Value | 264,000 | 275,000 |
| Less: Discount | (112,757) | (120,537) |
| Fair Value | 151,243 | 154,463 |
| Classified as: | | |
| Current Portion | 11,000 | 11,000 |
| Long Term Portion | 140,243 | 143,463 |
| Balance | 151,243 | 154,463 |

The discount will be amortized to loan discount expense over the term of the loan based on the effective interest rate method. Amortization for the current year and for the subsequent four fiscal years is as follows:

| Fiscal Year | ($'000) |
|---|---|
| 2011 | 7,618 |
| 2012 | 7,447 |
| 2013 | 7,269 |
| 2014 | 7,081 |
| 2015 | 6,883 |

### (b) Interest Bearing Loans

During the year the Lieutenant Governor authorized the Minister of Finance to make two interest bearing loans from the Consolidated Revenue Fund under terms determined by the Ontario Financing Authority. Both loans were repaid with accrued interest totaling $1,558 thousand on March 31, 2010.

On August 28th, 2009 a $30 million loan with an interest rate of 4.48% was received by the Fund to pay claims for which an allocation application has been received on or before July 31, 2009. The loan was repayable in ten equal annual principal payments commencing December 1st, 2012.

On January 27th, 2010 a $100 million loan with an interest rate of 4.44% was received by the Fund to pay claims for which the Superintendent has appointed an administrator on or before October 31, 2009. The loan was repayable in twenty semi-annual installments of blended principal and interest commencing December 1st, 2012.

## 6. PROVINCIAL GRANT

On March 25, 2010 the Provincial Legislature approved an appropriation pursuant to subsection 82(5) of the *Pension Benefits Act* to enable the Minister of Finance to make a $500 million grant to the Fund for the purpose of repaying the two loans received during the year and accrued interest and holding the remaining funds in the Fund and expending the funds for any purpose authorized under the *Pension Benefits Act* for the Fund.

## 7. PENSION PLAN RECOVERIES

Following distribution of claims and submission of a final wind up report any remaining funds are recovered by the Fund. During fiscal 2010, $12,033 thousand (2009 - $80,730 thousand) in recoveries were made by the Fund.

## 8. RECOVERIES OF PENSION MANAGEMENT FEES

The Fund periodically engages the services of experts to represent the Fund's interests with respect to companies which have made claims against the Fund. For fiscal 2010, $5,137 thousand was paid to such experts related to negotiations involving three companies (2009 - $1,783 thousand involving three companies). The Fund was reimbursed $1,029 thousand from the Ministry of Economic Development and Trade, a related party, and $500 thousand from a pension plan sponsor for actuarial consulting services received during the year.

## 9. RELATED PARTY TRANSACTIONS

For fiscal 2010, an administration fee of $506 thousand (2009 - $391 thousand) was incurred and has been paid to FSCO for management salaries and benefits, accounting, information technology, legal, pension and other services. The Fund and FSCO are related parties.

Investment Management fees of $69 thousand include fees of $63 thousand (2009 - $35 thousand ) paid to the Ontario the Ontario Financing Authority, a related party.

The costs of processing of premium revenue transactions are absorbed by FSCO without charge to the Fund.

Other related party transactions during the year have been disclosed in notes 5, 6 and 8.

## 10. SUBSEQUENT EVENT

Recoveries in the range of $10 - $20 million dollars are expected in 2010.

## 11. ACCOUNTING PRONOUNCEMENTS

Not -for -Profit Accounting Standards

The Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB) are assessing the strategic direction of financial reporting standards for not-for-profit organizations (NFPOs) in Canada.

The Boards are proposing that NFPOs in the public and private sectors should continue to use the current NFP CICA Handbook section 4400 series of standards, but use different financial reporting foundations. The PSAB proposes that government NFPO's follow the CICA Public Sector Accounting Handbook. The AcSB proposes private sector NFPO's be given a choice to follow the new private enterprise standards, IFRS or public sector accounting standards. Two exposure drafts are currently out for comment, with responses required in July, 2010. Government NFPOs would be required to transition to the new standards for fiscal periods beginning on or after January 1, 2012.

# MOTOR VEHICLE ACCIDENT CLAIMS FUND FINANCIAL STATEMENTS

AS AT MARCH 31, 2010

# Management's Statement

**Financial Services Commission of Ontario**

**Commission des services financiers de l'Ontario**

Ontario

## MOTOR VEHICLE ACCIDENT CLAIMS FUND

### Management Responsibility for Financial Information

Management is responsible for the financial statements and all other information presented in the financial statements. Management in accordance with Canadian generally accepted accounting principles has prepared the financial statements and where appropriate included amounts based on Managements best estimates and judgements.

Management agrees with the work of the specialists in evaluating the Unpaid Claims amount and has adequately considered the qualifications of the specialist in determining amounts and disclosures used in the notes to financial statements. Management did not give any, nor cause any, instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the specialists.

The Motor Vehicle Accident Claims Fund is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and that the assets were safeguarded. Internal audits are conducted to assess management systems and practices and reports are issued to the CEO and Superintendent of Financial Services of the Financial Services Commission of Ontario (the "FSCO") and the FSCO Audit Committee.

Deloitte and Touche, Chartered Accountants who are engaged under the direction of the Auditor General, have examined the financial statements. The auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The auditor's report outlines the scope of the auditor's examination and report.

John Avgeris
Senior Manger
Motor Vehicle Accident Claims Fund

Peter McGuinness
Manager, Finance and Accounting
Motor Vehicle Accident Claims Fund

# Auditor's Statement

Deloitte & Touche LLP
Brookfield Place
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## Auditors' Report

To the Audit Committee of the Financial Services Commission of Ontario and the Auditor General of Ontario

Pursuant to our appointment as auditor of the Motor Vehicle Accident Claims Fund (the "Fund"), which audit is under the direction of the Auditor General of Ontario, we have audited the statement of financial position of the Fund as at March 31, 2010 and the statements of operations and fund deficit and of cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 22, 2010

# Statement of Financial Position

**MOTOR VEHICLE ACCIDENT CLAIMS FUND**
**(Established under the Motor Vehicle Accident Claims Act)**

| | As at March 31,2010 $ | As at March 31,2009 $ |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Funds on Deposit | 39,322,517 | 34,055,714 |
| Accounts Receivable - License Fees | 3,984,348 | 2,918,082 |
| Accounts Receivable - Debtors | 44,291,094 | 42,745,311 |
| Less: Allowance for Doubtful Accounts | 27,224,802 | 27,178,770 |
| | 17,066,292 | 15,566,541 |
| **Long Term** | | |
| Fixed Assets (Note 3a) | 555,216 | 551,387 |
| Less: Accumulated Amortization | 434,881 | 319,941 |
| | 120,335 | 231,446 |
| Unpaid Claims Recoverable (Note 4) | 2,637,628 | 3,783,886 |
| **Total Assets** | 63,131,120 | 56,555,669 |
| **LIABILITIES & FUND DEFICIT** | | |
| Accounts Payable and Accrued Expenses | 1,324,909 | 2,011,241 |
| Employee Future Benefits Obligation (Note 3h) | 541,499 | 530,861 |
| Deferred Revenue | 67,536,791 | 65,538,122 |
| Unpaid Claims and Adjustment Expenses (Note 4) | 170,309,109 | 179,453,805 |
| | 239,712,308 | 247,534,029 |
| Fund Deficit | (176,581,188) | (190,978,360) |
| | (176,581,188) | (190,978,360) |
| **Total Liabilities & Fund Deficit** | 63,131,120 | 56,555,669 |

**APPROVED:**

Philip Howell
Chief Executive Officer
and Superintendent of Financial Services
Financial Services Commission of Ontario

# Statement of Operations & Fund Deficit

**MOTOR VEHICLE ACCIDENT CLAIMS FUND**
**(Established under the Motor Vehicle Accident Claims Act)**

| | Year ended March 31,2010 $ | Year ended March 31,2009 $ |
|---|---|---|
| **REVENUE** | | |
| Fee on Issue or Renewal of Driver's Licences | 28,645,345 | 27,257,155 |
| Change in Deferred Revenue | (1,998,669) | (3,661,346) |
| Fees Earned | 26,646,676 | 23,595,809 |
| Prior Year Recoveries | 5,926,631 | 1,695,941 |
| Other Revenue | 6,885 | 1,845 |
| **Total Revenue** | 32,580,192 | 25,293,595 |
| **EXPENSES** | | |
| Change in Net Unpaid Claims and Adjustment Expenses | (7,998,438) | (2,959,219) |
| Accident Benefits Claims Payments | 16,116,738 | 15,393,719 |
| **Administrative Expenses** | | |
| Salaries and Wages | 1,610,635 | 1,565,960 |
| Employees' Benefits | 229,513 | 247,462 |
| Transportation and Communication | 32,935 | 31,537 |
| Services: | | |
| Claims (Solicitors' Fees, etc.) | 1,955,078 | 2,172,402 |
| Accident Benefit Claims Expense | 1,681,029 | 1,698,325 |
| Other Services | 1,611,082 | 1,119,884 |
| Bad Debts Expense | 2,809,379 | 5,646,545 |
| Supplies and Equipment | 20,129 | 26,747 |
| Amortization Expense | 114,940 | 114,940 |
| **Total Expenses** | 18,183,020 | 25,058,302 |
| **Excess of Expenses over Revenue** | 14,397,172 | 235,293 |
| **Fund Deficit, Beginning of Year** | (190,978,360) | (191,213,653) |
| **Fund Deficit, End of Year** | (176,581,188) | (190,978,360) |

# Statement of Cash Flows

**MOTOR VEHICLE ACCIDENT CLAIMS FUND**
**(Established under the Motor Vehicle Accident Claims Act)**

| | Year ended March 31,2010 $ | Year ended March 31,2009 $ |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| **Cash Inflows** | | |
| Fee on Issue or Renewal of Driver's Licences | 27,579,079 | 27,261,760 |
| Repayment by Debtors | 1,228,828 | 1,307,072 |
| Prior Year Recoveries | 5,926,631 | 1,699,478 |
| Other Revenue | 6,885 | 1,845 |
| **Cash Outflows** | | |
| Statutory Payments | (22,107,241) | (21,160,316) |
| Payments to Employees | (1,821,370) | (1,778,010) |
| Administrative Expenses | (5,542,180) | (4,955,009) |
| **Net Cash Inflow from Operating Activities** | 5,270,632 | 2,376,820 |
| **INVESTING ACTIVITIES** | | |
| **Cash Outflows** | | |
| Acquisition of Computer Equipment | (3,829) | – |
| **Net Cash Outflow from Investing Activities** | (3,829) | – |
| **Net Increase in Funds on Deposit with Minister of Finance** | 5,266,803 | 2,376,820 |
| **Funds on Deposit with Minister of Finance, Beginning of Year** | 34,055,714 | 31,678,894 |
| **Funds on Deposit with Minister of Finance, End of Year** | 39,322,517 | 34,055,714 |

# Notes to Financial Statements
## March 31, 2010

### 1. STATUTORY AUTHORITY

The Motor Vehicle Accident Claims Fund (the "Fund") operates under the authority of the *Motor Vehicle Accident Claims Act* (the "Act"), R.S.O. 1990, Chapter M.41 as amended.

### 2. FUND OPERATIONS

The Fund was originally established to provide compensation to victims of motor vehicle accidents caused by uninsured or hit-and-run motorists in Ontario. Uninsured motorists were required to pay an annual fee into the Fund. However, effective March 1, 1980, with the enactment of the *Compulsory Automobile Insurance Act*, all motorists are required to carry compulsory third party liability insurance including uninsured motorist coverage. Since that time, the Fund only responds to claims where the eligible claimants have no access to automobile or liability insurance coverage. In 1990, legislation was enacted to expand the coverage to include a new provision to pay statutory accident benefits by the Fund, in accordance with the *Statutory Accident Benefits Schedule* (the *"SABS"*). In 2002, legislation was enacted to expand the Fund's role to administer and pay statutory accident benefits claims of Ontario insolvent insurers.

The Fund now pays claims under four different automobile insurance compensation systems:

1) Tort - prior to June 22, 1990
2) OMPP - between June 22, 1990 and December 31, 1993
3) Bill 164 - between January 1, 1994 and October 31, 1996
4) Bill 59 - from November 1, 1996 and forward

The coverage provided by the Fund is analogous to the minimum required coverage under the standard automobile policy (OAP1) approved by the provincial regulator. Unlike insurance companies, the Fund does not cover claims where the accidents occur outside of Ontario, except in the case of accident benefits where the Ontario insurer is insolvent. In the cases of insurance company insolvencies where the Fund pays claims for accident benefits, it has powers to assess the industry to recover for claims and adjustment expenses and also has claimant rights against the estate of the insolvent insurer.

The current maximum third party liability claims limits payable by the Fund are $200,000, inclusive of pre-judgment interest, plus legal costs as awarded. Under the *Highway Traffic Act* in Ontario, a driver is responsible for an accident while the owner of the vehicle has vicarious liability. Both the owner and driver will have their driving privileges suspended and, where judgments exist, writs of seizure and sale of real property will be filed with the Sheriff in the jurisdictions where the defendants reside.

If the driver of the vehicle cannot be determined, only claims for bodily injury can be paid out of the Fund. In these civil proceedings the Superintendent of the Financial Services Commission of Ontario ("the FSCO") becomes the named defendant. In certain circumstances, the law provides that where the identity of a driver is determined at a later date, upon bringing of a motion before the court, the driver can be substituted in the judgment.

Upon the conclusion of litigation under sections 7, 12 or 15 of the *Act*, or through settlements under section 4 of the *Act*, the plaintiff(s) or claimant(s) present a request for payment to the Minister of Finance out of the Fund. At that time an account receivable is created for the full amount of those payments, which may be recovered from the uninsured driver and/or owner.

The Fund operates administratively under the direction of the FSCO and reimburses the FSCO for the costs of the services it provides to the Fund.

The Lieutenant Governor in Council, having regard to the condition of the Fund and the amount paid out of the Fund during any period, may direct payment out of the Province's Consolidated Revenue Fund of such an amount as may be considered necessary or advisable to subsidize the Fund.

### 3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the accounting principles recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) and, where applicable, the recommendations of the Accounting Standards Board (AcSB) of the CICA.

The significant accounting policies used in the preparation of these financial statements are summarized as follows:

#### (a) Fixed Assets

Leasehold improvements, computer equipment, furniture and fixtures, and office equipment are carried at cost less accumulated amortization. The Fund provides for amortization on a straight line basis over the term of the lease (for leasehold improvements) or over the useful life of the asset. Accordingly, leasehold improvements and furniture and fixtures are amortized over 5 years, while computer equipment and office equipment are amortized over 3 years.

| Fixed Assets | 2010 | | | 2009 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Leasehold Improvements | $500,000 | $400,000 | $100,000 | $200,000 |
| Computer Equipment | 32,156 | 20,602 | 11,554 | 17,168 |
| Furniture & Fixtures | 16,416 | 9,850 | 6,566 | 9,849 |
| Office Equipment | 6,644 | 4,429 | 2,215 | 4,429 |
| | $555,216 | $434,881 | $120,335 | $231,446 |

### b) Drivers' Licence Fees and Deferred Revenue

The Fund earns a fee of $15.00 on the issuance or renewal of each driver's five-year licence. The income is earned on a pro-rata basis over the five-year term of the licence and the unearned portion is reflected as deferred revenue.

### c) Accounts Receivable – Fees

Under the *Act* the Fund receives from the Ministry of Transportation and Serco DES a monthly internal transfer and payment representing the drivers' licence fee prescribed by *Ontario Regulation 800*. Accordingly, unremitted licence fees are reported as accounts receivable.

### d) Accounts Receivable – Debtors

The Fund maintains an accounts receivable portfolio, accumulated over the years as a result of judgments and claims assigned to the Minister of Finance. The Fund will pay damages to injured, not at fault, victims who have no recourse to liability insurance, on behalf of defendant uninsured motorists. In accordance with the *Act*, these amounts are recoverable from the uninsured motorists. Total repayments received from debtors are reflected in the cash flow statement.

The allowance for doubtful accounts is determined through a process that considers: the age of defendant/debtor, the defendant/debtor's current monthly installment required under the regulations, the amount paid out of the Fund and the activity on the account since the date of the judgment.

The write-off process depends on established criteria that parallel the criteria established by the Ministry of Finance. These criteria are used to select a block of accounts at the beginning of April that is reviewed by collections staff.

The Ministry of Finance, Internal Audit Section audits the work of the collections staff and provides a certificate of assurance to verify that the established criteria for the write-off have been met. The write-off transaction is authorized by an order-in-council under the authority set out in the *Financial Administration Act*.

In the current year, write-offs of $3.2 million (2009 - $4.0 million) were processed. Additionally, in the current year $0.5 million of the Accounts Receivable was reinstated through the bad debt expense account.

### e) Prior Year Recoveries

Prior year recoveries are generated from three main sources – insurance recoveries, reversionary interest (Note 5) and recoveries of court costs. The Fund is required under the *SABS* to satisfy the payment of accident benefits claims within specified periods. The timeframe does not allow for a complete investigation into available insurance coverage and in some instances information is withheld by police because of criminal investigations.

Accordingly, when new information is available, the Fund may be required to pursue private insurers for recoveries.

From time to time the Fund may also be involved in the defence of uninsured motorists or the Superintendent of the FSCO, where the legal proceedings are deemed frivolous and the Fund is awarded costs by the courts.

### f) Unpaid Claims

Unpaid claims represents the estimated amounts required to settle all unpaid claims, including an amount for unreported claims and claim expenses, and is gross of estimated recoveries and subrogation. Claim liabilities are established according to accepted actuarial practice in Canada as applied to public personal injury compensation plans. They do not reflect the time value of money nor include a provision for adverse deviations, because the Fund reports no investment income.

The provision for unpaid claims and claim expenses consists of estimates that are necessarily subject to uncertainty and the variability could be material in the near term. The estimates are selected from a range of possible outcomes and are adjusted up or down, as additional information becomes known during the course of loss settlement. The estimates are principally based on historical experience but variability can be caused by changes in judicial interpretations of contracts or significant changes in severity and frequency of claims from historical trends. All changes in estimates are recorded in the current period.

The Fund has obligations to pay certain fixed amounts to claimants on a recurring basis and has purchased annuities from life insurers to provide for those payments.

Settlements occur when there is an irrevocable direction from the Fund to the life insurer to make all payments directly to the claimant. There are no rights under the non-commutable, non-assignable, non-transferable contract that would provide any current or future benefit to the Fund. The Fund remains liable to make payments only in the event that the life insurer fails and only to the extent that Assuris, the life insurance industry's insolvency compensation fund, will not cover payments due. The net risk to the Fund is any credit risk related to the life insurers. This credit risk is deemed nil at March 31, 2010. There exists the possibility of contingent gains based on the fact that the Fund has purchased insurance on some of the measured lives. Such amounts are described in Note 5 – Contingent Gains.

### g) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that the Fund's management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses for the period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from these estimates.

### h) i) Employee Future Benefits Obligation

Prior to 2007, the Fund did not record the liabilities pertaining to the legislative severance and compensated absences components of its employee future benefits costs because these liabilities had been determined and recognized by the Province in its financial statements. While the Province continues to accrue for these costs each year and to fund them annually when due, the Auditor General has requested and management has agreed that the Fund also recognize the liability for these costs in these financial statements.

| | 2010 | | 2009 |
|---|---|---|---|
| | | Increase (Decrease) | |
| Employee Future Benefits Obligation | $541,499 | $10,638 | $530,861 |

### ii) Employee Benefits

The Fund's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by the Fund's employees is recognized in the Province's consolidated financial statements.

These benefits are accounted for by the Fund as follows:

*Employee Future Benefits Obligation*

The costs of any legislated severance and unused vacation entitlements earned by employees are recognized when earned by eligible employees. Legislated severance is non-actuarially estimated based on one week pay for every year of service for those employees with a minimum of five years of service.

*Other Non-Pension Post-Employment Benefits*

The cost of other non-pension post-employment benefits is determined and funded on an ongoing basis by the Ontario Ministry of Government Services and accordingly is not included in these financial statements.

## 4. UNPAID CLAIMS AND ADJUSTMENT EXPENSES

a) The Fund's unpaid claims and adjustment expenses consist of the following:

| | March 31, 2010 | | March 31, 2009 | |
|---|---|---|---|---|
| | Gross | Recoverable | Gross | Recoverable |
| | (000's) | (000's) | (000's) | (000's) |
| ACCIDENT BENEFITS | | | | |
| Statutory accident benefits | **$107,589** | **$ -** | $115,229 | $ - |
| THIRD PARTY LIABILITY (TPL) | | | | |
| Property damage | **1,147** | **26** | 1,361 | 50 |
| Bodily injury | **61,573** | **2,611** | 62,864 | 3,734 |
| Total TPL | **62,720** | **2,637** | 64,225 | 3,784 |
| **Totals** | **$170,309** | **$2,637** | $179,454 | $3,784 |

b) The change in gross provision for claims and adjustment expenses is as follows:

| | March 31, 2010 | March 31, 2009 |
|---|---|---|
| | (000's) | (000's) |
| Unpaid claims and adjustment expenses, beginning of year | **$179,454** | $185,614 |
| Increase (decrease) in provision for losses that occurred in prior years | **(14,670)** | (15,607) |
| Amounts paid during the year on claims of prior years | | |
| Statutory Payments | **(20,663)** | (18,598) |
| Claims Expenses | **(6,638)** | (6,435) |
| Amount paid during the year on claims of the current year | | |
| Statutory Payments | **(992)** | (619) |
| Claims Expenses | **(319)** | (214) |
| Provision for losses on claims that occurred in the current year | **34,317** | 35,313 |
| Unpaid claims and adjustment expenses, end of year | **$170,309** | $179,454 |

## 5. CONTINGENT GAINS

Some payments out of the Fund are in the form of structured settlements for accident benefit claims. These claims have guarantee periods ranging from 10 to 30 years and during this period the reversionary interest will be payable to Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance, should the claimant die.

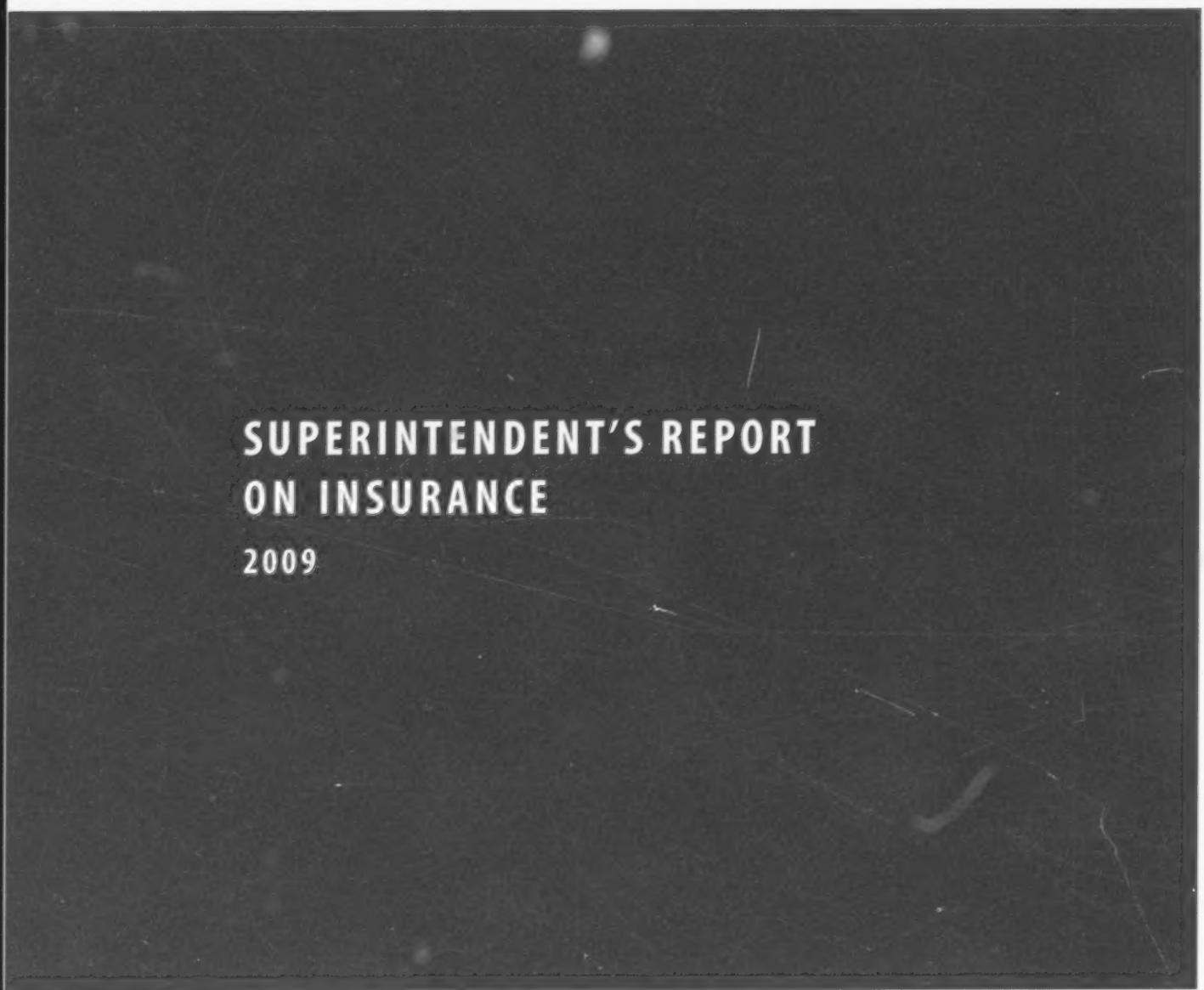
Even though the range of probability that the claimant may die during the guarantee period is slight, the Fund nevertheless has calculated the approximate reversionary interest represented by insurance on the claimant lives as at March 31, 2010 for information purposes.

As at March 31, 2010, the amount paid out of the Fund for accident benefit claims in the form of structured settlements was approximately $23.4 million (2009 - $17.8 million) with applicable reversionary interest of approximately $18.0 million (2009- $13.7 million).

## 6. ROLE OF THE ACTUARY AND AUDITOR

The FSCO retains the Fund's actuary. The actuary's responsibility is to carry out an annual valuation of the Fund's liabilities, which include provision for unpaid claims and adjustment expenses in accordance with accepted actuarial practice. In performing the valuation, the actuary makes assumptions as to the future rates of claims frequency and severity, inflation, recoveries, and expenses taking into consideration the circumstances of the Fund. The actuary in his verification of the underlying data used in the valuation also makes use of the work of the external auditor. The actuary's report outlines the scope of his work and opinion.

The external auditors act under the direction of the Auditor General of Ontario pursuant to agreed terms of engagement. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with Canadian generally accepted auditing standards and report thereon to the Audit Committee of the FSCO. In carrying out their audit, the auditors also consider the work of the actuary and his report on the provision for claims and claim expenses. The auditors' report outlines the scope of their audit and their opinion.



# SUPERINTENDENT'S REPORT ON INSURANCE

## 2009

# Table of Contents

## Superintendent's Report 2009

The following information was obtained from the annual filings and, in the case of federally registered insurers, from the Office of the Superintendent of Financial Institutions. While every effort has been made to ensure the accuracy of this report, decisions should not be made solely on the information contained in it. Other sources should also be consulted. Any material changes to this information will be reported to the Minister of Finance and published in *The Ontario Gazette*.

The information is organized by type of insurer, and insurers are listed alphabetically within each group.

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# Letter to Minister of Finance

Ontario

**The Honourable Dwight Duncan**
**Minister of Finance**
**7 Queen's Park Crescent**
**Toronto ON M7A 1Y7**

Dear Minister:

I am pleased to present the 131st annual report under Section 36 of the Insurance Act for the year ended December 31, 2009. Prior to the creation of the Financial Services Commission of Ontario, this report was issued by the Superintendent of Insurance.

In addition to the information contained in this report, a listing of all licensed insurers is published each July in *The Ontario Gazette*. This list contains the names of the insurers, their addresses, telephone numbers, chief agents, and the classes for which they are licensed. During the year, information concerning newly licensed insurers and changes to existing licences is also published in Bulletins issued by the Financial Services Commission of Ontario. Any broker or member of the public can verify whether a particular insurer is licensed by calling our offices at (416) 250-7250. This information is also available on the Commission's Internet site – www.fsco.gov.on.ca.

News releases containing other information of public interest are made throughout the year. These announcements effectively reach a large number of Ontario residents. Information is also supplied to industry trade associations for inclusion in their publications to reach more specialized audiences. The Financial Services Commission of Ontario issues Bulletins as required to provide information to insurers and other individuals interested in the insurance industry.

Yours sincerely,

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

## SUMMARY OF COMPANIES LICENSED BY TYPE OF BUSINESS ACTIVITY
## as of December 31, 2009, and December 31, 2008

| | | | | | Analysis of 2009 total | | |
|---|---|---|---|---|---|---|---|
| **Business Type** | **Total 2008** | **Additions** | **Withdrawals** | **Total 2009** | **Ontario** | **Extra Provincial** | **Federal** |
| Property & Casualty Companies | 219 | 0 | 6 | 213 | 56 | 10 | 147 |
| Life Insurance Companies | 91 | 1 | 7 | 85 | 2 | 16 | 67 |
| Reinsurance Companies | 41 | 0 | 2 | 39 | 2 | 1 | 36 |
| Reciprocal Exchanges | 10 | 0 | 0 | 10 | 8 | 1 | 1 |
| Fraternal Societies | 19 | 0 | 1 | 18 | 2 | 0 | 16 |
| **Totals** | **380** | **1** | **16** | **365** | **70** | **28** | **267** |

Notes:

1. *Companies writing both property & casualty insurance and life insurance business are listed under Life in the above summary. Their financial performance is shown separately by business type in the following report.*

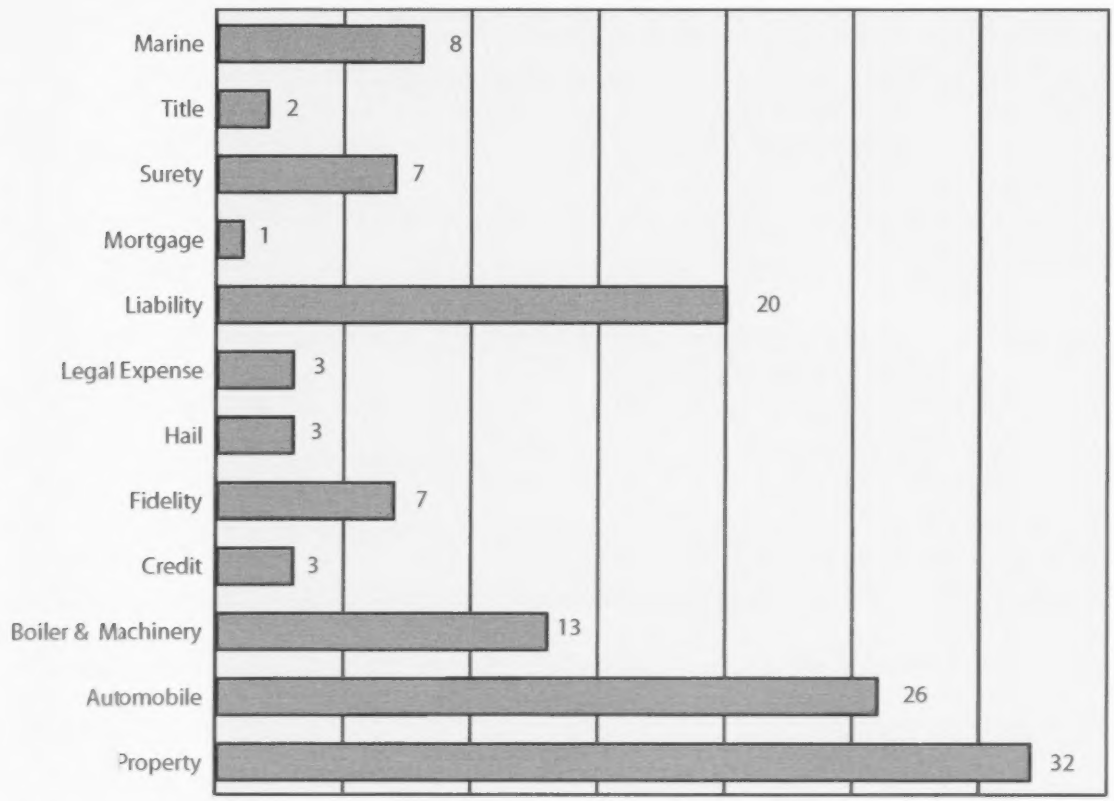
2. *Branch operations are included in the Federal totals.*

3. *The Superintendent's Report 2009 records figures as of the end of the calendar year (December 31, 2009), based on the company's annual filings. The Financial Services Commission of Ontario Annual Report 2009-2010 records figures as of the end of the fiscal year (March 31, 2010).*

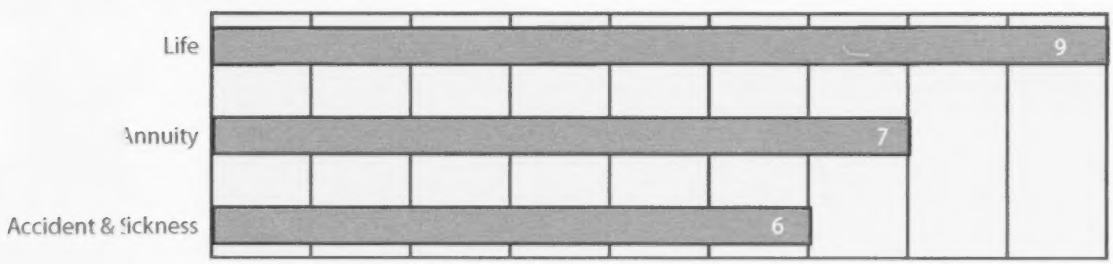
# Insurer Statistics

To gauge the level of competition, FSCO calculates how many companies represent 80 percent of the market for key products. Please note that effective in 2009, these figures are based on individual companies rather than groups of affiliated companies.

**2009 Property and Casualty Insurers**
Number of Companies Representing 80% of Ontario Market Share



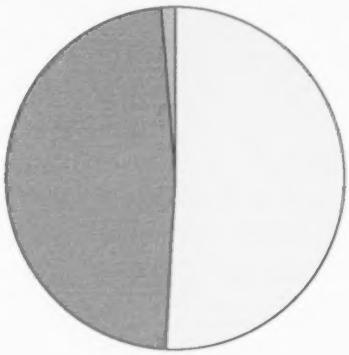

**2009 Life Insurers**
Number of Companies Representing 80% of the Ontario Market Share



# Premium Statistics

Insurance is a $38 billion business in Ontario. In 2009, of the the total premium dollar, 47.9 per cent went to the property and casualty (including automobile) insurers and 51.0 percent went to the life insurance industry.

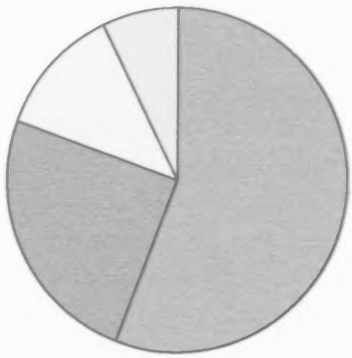
**2009 Direct Premium Volume in Ontario Total $38,347 (million)**



- Life Insurance Companies - $19,544 million (51.0%)
- Property & Casualty Insurers - $18,345 million (47.8%)
- Other - $458 million (1.2%)

P&C insurers received $18.3 billion in premiums in 2009. The split among automobile, property and liability insurance remained constant compared to the past year.

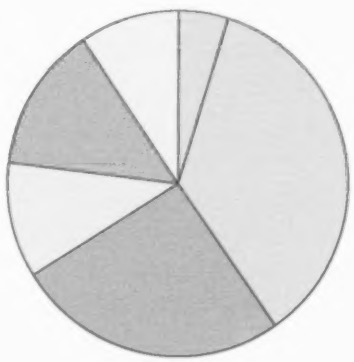
**2009 Property & Casualty Companies - Direct Written Premiums in Ontario - By Line Total $18,333 (million)**



- Automobile - $10,285 million (56.1%)
- Property - $4,527 million (24.7%)
- Liability - $2,234 million (12.2%)
- Other - $1,286 million (7.0%)

The broad pattern among life insurance companies likewise remained constant. Of the $19.5 billion spent on premiums to the premiums to the life insurers, 22.8 percent went to buy annuities, 36.7 percent to purchase individual and group life coverage and 40.5 percent to obtain accident and sickness insurance.

**2009 Life Companies - Direct Written Premiums in Ontario Total $19,544 (million)**



- Accident & Sickness - Individual $956 million (4.9%)
- Accident & Sickness - Group $6,948 million (35.6%)
- Life - Individual $5,063 million (25.9%)
- Life - Group $2,117million (10.8%)
- Annuities - Individual $2,633 million (13.5%)
- Annuities - Group $1,827 million (9.3%)

# Property & Casualty Insurance Companies

| | | ONTARIO BUSINESS | | | | | | TOTAL COMPANY |
|---|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 | Direct Written Premiums | Direct Claims Incurred | Total Assets | Total Liabilities | Excess of assets over liabilities | Claims Incurred to earned premium | Net Income/ (Loss) |
| | (In Thousands) | $ | $ | $ | $ | $ | % | $ |
| | ONTARIO | | | | | | | |
| | Algoma Mutual Insurance Company | 11,007 | 10,435 | 22,376 | 16,838 | 5,538 | 61% | 78 |
| | Amherst Island Mutual Insurance Company | 616 | 84 | 2,160 | 645 | 1,515 | 14% | 94 |
| | Ayr Farmers Mutual Insurance Company | 18,040 | 9,062 | 55,402 | 32,008 | 23,394 | 57% | 2,049 |
| | Bay of Quinte Mutual Insurance Co. | 16,121 | 6,139 | 36,058 | 16,212 | 19,846 | 48% | 1,509 |
| | Bertie and Clinton Mutual Insurance Company | 10,112 | 6,279 | 47,519 | 19,992 | 27,527 | 53% | 1,704 |
| | Brant Mutual Insurance Company | 6,022 | 4,697 | 17,105 | 9,636 | 7,469 | 75% | (253) |
| | CAA Insurance Company (Ontario) | 114,634 | 95,395 | 386,611 | 317,416 | 69,195 | 83% | (6,798) |
| | Caradoc Delaware Mutual Fire Insurance Company | 1,539 | 581 | 7,066 | 1,112 | 5,954 | 56% | 32 |
| | Cayuga Mutual Insurance Company | 6,004 | 4,421 | 22,320 | 11,518 | 10,802 | 79% | (308) |
| | Coachman Insurance Company | 31,951 | 29,447 | 133,762 | 94,427 | 39,335 | 86% | (491) |
| 1 | Coronation Insurance Company, Limited | 0 | 0 | 4,125 | 607 | 3,518 | n/a | 165 |
| | Culross Mutual Insurance Company | 1,515 | (836) | 3,486 | 2,711 | 775 | 53% | 29 |
| | Dufferin Mutual Insurance Company | 7,802 | (15) | 17,867 | 12,086 | 5,781 | 30% | 727 |
| | Dumfries Mutual Insurance Company | 11,285 | 9,759 | 43,736 | 20,691 | 23,045 | 65% | 1,281 |
| | Erie Mutual Fire Insurance Company | 5,048 | 3,985 | 21,617 | 7,497 | 14,120 | 79% | (652) |
| | Farmers' Mutual Insurance Company (Lindsay) | 70,932 | 53,575 | 206,245 | 151,995 | 54,250 | 72% | 6,086 |
| | Fenchurch General Insurance Company | 4,113 | 2,213 | 12,160 | 6,497 | 5,663 | 40% | 646 |
| | GCAN Insurance Company | 89,006 | 63,034 | 850,955 | 634,879 | 216,076 | 47% | 27,923 |
| | Germania Farmers' Mutual Fire Insurance Company | 12,143 | 5,258 | 26,312 | 15,772 | 10,540 | 49% | 1,007 |
| | Glengarry Mutual Insurance Company | 9,156 | 6,178 | 19,173 | 9,263 | 9,910 | 67% | (427) |
| | Grenville Mutual Insurance Company | 17,197 | 13,591 | 56,291 | 26,022 | 30,269 | 83% | 813 |
| | Grey & Bruce Mutual Insurance Company | 2,295 | 1,185 | 4,150 | 1,838 | 2,312 | 54% | (51) |
| | Halwell Mutual Insurance Company | 14,501 | 8,210 | 41,057 | 22,675 | 18,382 | 49% | 1,353 |
| | Hamilton Township Mutual Insurance Company | 17,234 | 9,114 | 44,398 | 27,925 | 16,473 | 60% | 344 |
| | Hay Mutual Insurance Company | 7,830 | 1,662 | 35,780 | 10,327 | 25,453 | 42% | 1,132 |
| | Howard Mutual Insurance Company | 8,447 | 5,086 | 40,478 | 14,894 | 25,584 | 48% | 1,162 |
| | Howick Mutual Insurance Company | 12,085 | 6,167 | 24,186 | 16,007 | 8,179 | 57% | 1,288 |
| | Kent & Essex Mutual Insurance Company | 16,810 | 14,324 | 66,813 | 35,345 | 31,468 | 73% | 312 |
| | L&A Mutual Insurance Company | 6,853 | 3,080 | 12,563 | 6,924 | 5,639 | 55% | 433 |

# Property & Casualty Insurance Companies

| | | ONTARIO BUSINESS | | | | | | TOTAL COMPANY |
|---|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 (In Thousands) | Direct Written Premiums $ | Direct Claims Incurred $ | Total Assets $ | Total Liabilities $ | Excess of assets over liabilities $ | Claims Incurred to earned premium % | Net Income/ (Loss) $ |
| | Lambton Mutual Insurance Company | 15,784 | 11,623 | 53,265 | 28,631 | 24,634 | 76% | (118) |
| | Lanark Mutual Insurance Company | 20,546 | 11,360 | 60,736 | 25,847 | 34,889 | 57% | 722 |
| | Lawyers' Professional Indemnity Company | 106,711 | 110,289 | 529,686 | 388,619 | 141,067 | 107% | (6,477) |
| 2 | Markham General Insurance Company | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| | Max Canada Insurance Company | 4,300 | 1,344 | 15,086 | 8,028 | 7,058 | 65% | (290) |
| | McKillop Mutual Insurance Company | 7,824 | 9,994 | 27,709 | 17,361 | 10,348 | 65% | 533 |
| | Middlesex Mutual Insurance Co. | 9,353 | 5,781 | 33,817 | 19,357 | 14,460 | 69% | 485 |
| | Norfolk Mutual Insurance Company | 5,369 | 3,044 | 17,473 | 8,429 | 9,044 | 56% | 631 |
| | North Blenheim Mutual Insurance Company | 7,643 | 3,649 | 21,752 | 8,838 | 12,914 | 58% | 85 |
| | North Kent Mutual Fire Insurance Company | 6,459 | 2,751 | 31,145 | 12,427 | 18,718 | 50% | 1,295 |
| | Oxford Mutual Insurance Company | 8,998 | 7,003 | 23,480 | 13,366 | 10,114 | 65% | (14) |
| | Peel Maryborough Mutual Insurance Company | 14,315 | 6,625 | 40,635 | 25,667 | 14,968 | 50% | 1,895 |
| | Peel Mutual Insurance Company | 31,841 | 24,810 | 87,210 | 61,776 | 25,434 | 78% | 127 |
| | Pro-Demnity Insurance Company | 19,136 | 6,953 | 87,338 | 62,603 | 24,735 | 86% | 1,901 |
| | South Easthope Mutual Insurance Company | 12,025 | 6,582 | 38,430 | 19,475 | 18,955 | 68% | 576 |
| | The West Wawanosh Mutual Insurance Company | 13,558 | 6,739 | 45,376 | 27,635 | 17,741 | 48% | 1,751 |
| | The Westminster Mutual Insurance Company | 7,913 | 4,959 | 18,871 | 14,009 | 4,862 | 71% | (78) |
| | The Yarmouth Mutual Fire Insurance Company | 6,341 | 3,083 | 16,973 | 7,595 | 9,378 | 46% | 515 |
| | Town & Country Mutual Insurance Company | 9,549 | 7,699 | 30,761 | 17,241 | 13,520 | 66% | 353 |
| | Townsend Farmers' Mutual Fire Insurance Company | 5,205 | 4,654 | 22,429 | 15,039 | 7,390 | 51% | 1,185 |
| | Tradition Mutual Insurance Company | 11,127 | 8,727 | 44,139 | 32,037 | 12,102 | 69% | 165 |
| | Trillium Mutual Insurance Company | 32,698 | 19,885 | 91,185 | 62,779 | 28,406 | 68% | 6 |
| 3 | TTC Insurance Company Limited | 0 | 0 | 113,555 | 113,455 | 100 | n/a | 0 |
| | Usborne and Hibbert Mutual Fire Insurance Company | 5,416 | 6,798 | 34,955 | 7,971 | 26,984 | 54% | 2,242 |
| | Wabisa Mutual Insurance Company | 5,790 | 1,029 | 18,909 | 12,668 | 6,241 | 35% | 1,205 |
| | West Elgin Mutual Insurance Company | 8,623 | 3,176 | 37,034 | 21,010 | 16,024 | 52% | 560 |
| | York Fire & Casualty Insurance Company | 114,719 | 100,757 | 350,178 | 276,834 | 73,344 | 83% | (456) |
| | | 1,021,541 | 751,424 | 4,153,898 | 2,852,456 | 11,301,442 | | 49,986 |

# Property & Casualty Insurance Companies

| | | ONTARIO BUSINESS | | TOTAL COMPANY | | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 (In Thousands) | Direct Written Premiums $ | Direct Claims Incurred $ | Total Assets $ | Total Liabilities $ | Excess of assets over liabilities $ | Claims Incurred to earned premium % | Net Income/ (Loss) $ |
| | EXTRA-PROVINCIAL | | | | | | | |
| | Alberta Motor Association Insurance Company | 108 | 0 | 478,489 | 357,636 | 120,853 | 70% | 19,049 |
| | Belair Insurance Company Inc. | 47,887 | 34,116 | 957,955 | 719,410 | 238,545 | 71% | 2,103 |
| | Canadian Farm Insurance Corp. | 871 | 876 | 13,830 | 10,012 | 3,818 | 114% | (2,931) |
| | GMS Insurance Inc. | 5,237 | 2,390 | 17,613 | 11,751 | 5,862 | 71% | (364) |
| | La Mutuelle d'église de l'inter-Oouest | 14 | 0 | 5,222 | 219 | 5,003 | 41% | (86) |
| | L'Unique General Insurance Inc. | 150 | 0 | 198,938 | 158,097 | 40,841 | 62% | 6,524 |
| | Optimum Insurance Company Inc. | 34,349 | 19,805 | 158,831 | 117,297 | 41,534 | 55% | 4,062 |
| | SGI Canada Insurance Services Ltd. | 137 | 54 | 161,415 | 79,975 | 81,440 | 55% | 2,828 |
| | The Canadian Union Insurance Company | 231 | (113) | 456,546 | 349,845 | 106,701 | 62% | 6,674 |
| | Trans Global Insurance Company | 4,427 | 812 | 12,661 | 6,687 | 5,974 | 8% | 1,520 |
| | | 93,411 | 57,940 | 2,461,500 | 1,810,929 | 650,571 | | 39,379 |
| | FEDERAL | | | | | | | |
| | ACE INA Insurance | 127,939 | 132,001 | 1,302,920 | 1,047,327 | 255,593 | 68% | 38,523 |
| | Allstate Insurance Company of Canada | 348,347 | 253,586 | 1,773,464 | 1,173,630 | 599,834 | 70% | 66,876 |
| 4 | Alta Surety Company | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| | Ascentus Insurance Ltd. | 2,784 | 1,465 | 39,160 | 23,793 | 15,367 | 54% | 770 |
| | Associated Electric & Gas Insurance Services Limited | 4,666 | 2,255 | 94,301 | 44,326 | 49,975 | 44% | 6,155 |
| | Aviva Insurance Company of Canada | 694,372 | 566,261 | 4,136,955 | 3,384,146 | 752,809 | 71% | 15,175 |
| | AXA Insurance (Canada) AXA Assurances (Canada) | 431,882 | 322,101 | 1,524,505 | 1,224,217 | 300,288 | 71% | 31,245 |
| | AXA Pacific Insurance Company | 39,254 | 23,116 | 1,184,520 | 932,605 | 251,915 | 65% | 31,625 |
| 5 | Canada Guaranty Mortgage Insurance Company | 5,109 | 22,244 | 270,314 | 151,358 | 118,956 | 252% | (32,714) |
| | Canadian Direct Insurance Incorporated | 0 | 0 | 213,980 | 154,440 | 59,540 | 67% | 9,111 |
| | Canadian Northern Shield Insurance Company | 866 | (140) | 285,639 | 219,908 | 65,731 | 68% | (9,455) |
| | Certas Direct Insurance Company | 102,238 | 71,920 | 434,841 | 330,927 | 103,914 | 72% | 6,397 |
| | Certas Home and Auto Insurance Company | 1,030 | 905 | 7,265 | 1,336 | 5,929 | 116% | (1,325) |
| 6 | Chartis Insurance Company of Canada | 393,430 | 227,020 | 4,593,536 | 3,241,067 | 1,352,469 | 75% | 94,736 |

# Property & Casualty Insurance Companies

| | | ONTARIO BUSINESS | | | | | | TOTAL COMPANY |
|---|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 | Direct Written Premiums | Direct Claims Incurred | Total Assets | Total Liabilities | Excess of assets over liabilities | Claims Incurred to earned premium | Net Income/ (Loss) |
| | (In Thousands) | $ | $ | $ | $ | $ | % | $ |
| | Chubb Insurance Company of Canada | 334,475 | 210,615 | 2,277,982 | 1,551,483 | 726,499 | 57% | 100,187 |
| | Commonwealth Insurance Company | 23,210 | 2,890 | 858,087 | 563,765 | 294,322 | 31% | 33,258 |
| 7 | Constitution Insurance Company Of Canada | 0 | 103 | 3,281 | 1,034 | 2,247 | n/a | 252 |
| | Co-Operators General Insurance Company | 715,857 | 528,282 | 3,852,574 | 2,590,152 | 1,262,422 | 70% | 74,010 |
| | Coseco Insurance Company | 166,399 | 164,696 | 581,966 | 456,755 | 125,211 | 92% | (6,410) |
| | CUMIS General Insurance Company | 45,170 | 40,484 | 159,677 | 138,183 | 21,494 | 64% | 2,838 |
| | Echelon General Insurance Company | 114,060 | 90,098 | 395,063 | 288,714 | 106,349 | 72% | 7,402 |
| | Economical Mutual Insurance Company | 927,622 | 819,345 | 4,424,352 | 3,253,692 | 1,170,660 | 77% | 24,067 |
| | Elite Insurance Company | 256,680 | 116,766 | 751,003 | 599,808 | 151,195 | 72% | (1,058) |
| | Everest Insurance Company of Canada | 0 | (4) | 4,008 | 107 | 3,901 | n/a | (158) |
| | FCT Insurance Company Ltd. | 55,672 | 14,651 | 183,656 | 119,605 | 64,051 | 22% | 15,656 |
| | Federated Insurance Company of Canada | 46,579 | 33,670 | 426,448 | 304,336 | 122,112 | 55% | 25,857 |
| | Federation Insurance Company of Canada | 1,099 | (1,921) | 497,114 | 405,307 | 91,807 | 77% | 2,733 |
| | First North American Insurance Company | 956 | 178 | 6,819 | 1,308 | 5,511 | 22% | 298 |
| | Genworth Financial Mortgage Insurance Company Canada | 137,802 | 93,679 | 5,179,614 | 2,652,258 | 2,527,356 | 36% | 377,364 |
| 8 | Gold Circle Insurance Company | 0 | 0 | 30 | 30 | 0 | n/a | (1) |
| | Gore Mutual Insurance Company | 207,300 | 124,748 | 534,195 | 381,579 | 152,616 | 67% | 2,472 |
| | Grain Insurance and Guarantee Company | 10,808 | (591) | 101,211 | 67,993 | 33,218 | 39% | 7,500 |
| 9 | Granite Insurance Company | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| | Industrial Alliance Pacific General Insurance Corporation | 8,147 | 1,079 | 104,086 | 83,074 | 21,012 | 56% | 1,468 |
| 10 | Intact Insurance Company | 1,358,968 | 1,011,359 | 7,071,987 | 5,966,864 | 1,105,123 | 71% | 12,577 |
| | Jevco Insurance Company | 67,465 | 67,641 | 1,230,819 | 946,492 | 284,327 | 82% | (11,238) |
| | Legacy General Insurance Company | 19,030 | 3,164 | 18,761 | (9,796) | 28,557 | 17% | 3,874 |
| | Lombard General Insurance Company of Canada | 316,815 | 334,875 | 2,699,791 | 1,989,488 | 710,303 | 76% | 66,367 |
| | Lombard Insurance Company | 125,009 | 120,740 | 431,513 | 303,076 | 128,437 | 80% | 6,594 |
| | Markel Insurance Company of Canada | 122,198 | 113,024 | 719,922 | 544,951 | 174,971 | 72% | 13,205 |
| 11 | Novex Insurance Company | 105,462 | 98,707 | 854,762 | 643,440 | 211,322 | 71% | 21,472 |

# Property & Casualty Insurance Companies

| Financial Summary Year Ended December 31, 2009 (In Thousands) | ONTARIO BUSINESS Direct Written Premiums $ | Direct Claims Incurred $ | TOTAL COMPANY Total Assets $ | Total Liabilities $ | Excess of assets over liabilities $ | Claims Incurred to earned premium % | Net Income/ (Loss) $ |
|---|---|---|---|---|---|---|---|
| Old Republic Insurance Company Of Canada | 32,884 | 16,304 | 181,229 | 129,398 | 51,831 | 57% | 4,653 |
| Omega General Insurance Company | 3,253 | 1,538 | 15,429 | 6,605 | 8,824 | 47% | (688) |
| Pafco Insurance Company | 33,188 | 13,530 | 238,226 | 148,686 | 89,540 | 41% | 15,644 |
| Pembridge Insurance Company | 72,935 | 57,397 | 492,666 | 260,977 | 231,689 | 72% | 18,329 |
| Perth Insurance Company | 99,507 | 110,167 | 478,475 | 424,204 | 54,271 | 77% | 1,625 |
| Pilot Insurance Company | 245,955 | 335,724 | 1,628,073 | 1,389,400 | 238,673 | 77% | 21,452 |
| PMI Mortgage Insurance Company Canada | (3) | 284 | 19,954 | 4,041 | 15,913 | 147% | (4,366) |
| Primmum Insurance Company | 196,192 | 149,130 | 1,241,840 | 1,043,786 | 198,054 | 81% | 22,140 |
| Quebec Assurance Company | 0 | 0 | 99,721 | 70,057 | 29,664 | 60% | 3,363 |
| RBC General Insurance Company | 286,665 | 253,636 | 940,670 | 718,302 | 222,368 | 84% | (932) |
| RBC Insurance Company of Canada | 160,570 | 82,616 | 356,199 | 163,741 | 192,458 | 49% | 12,789 |
| Royal & Sun Alliance Insurance Company of Canada | 398,092 | 293,809 | 3,225,564 | 2,452,291 | 773,273 | 60% | 90,321 |
| S & Y Insurance Company | 71,339 | 54,919 | 260,160 | 216,983 | 43,177 | 72% | 3,794 |
| Safety National Casualty Corporation | 4,556 | 2,668 | 39,433 | 26,398 | 13,035 | 99% | (970) |
| Scotia General Insurance Company | 0 | 0 | 7,212 | 11 | 7,201 | n/a | (35) |
| Scottish & York Insurance Co. Limited | 159,115 | 162,516 | 894,093 | 766,609 | 127,484 | 78% | 15,246 |
| Securican General Insurance Company | 16,186 | 8,958 | 37,783 | 25,891 | 11,892 | 51% | 3,796 |
| Security National Insurance Company | 645,736 | 534,264 | 3,393,831 | 2,477,906 | 915,925 | 82% | 68,629 |
| TD Direct Insurance Inc. | 0 | 0 | 14,646 | 186 | 14,460 | n/a | 394 |
| TD General Insurance Company | 234,027 | 300,811 | 821,516 | 724,367 | 97,149 | 95% | (1,221) |
| TD Home And Auto Insurance Company | 181,386 | 137,525 | 1,080,440 | 899,792 | 180,648 | 81% | 30,772 |
| Temple Insurance Company | 84,906 | 39,785 | 866,443 | 728,716 | 137,727 | 50% | 23,065 |
| The Boiler Inspection and Insurance Company of Canada | 12,524 | 5,619 | 180,819 | 102,389 | 78,430 | 28% | 14,293 |
| The Dominion of Canada General Insurance Company | 824,317 | 698,013 | 2,980,665 | 2,283,250 | 697,415 | 83% | (151,604) |
| The Guarantee Company of North America | 203,629 | 179,452 | 1,014,167 | 602,832 | 411,335 | 78% | 9,642 |
| The Missisquoi Insurance Company | 271 | 976 | 488,046 | 394,081 | 93,965 | 77% | 2,538 |
| The Nordic Insurance Company of Canada | 254,355 | 224,743 | 3,601,642 | 2,619,769 | 981,873 | 71% | 47,650 |

# Property & Casualty Insurance Companies

| Financial Summary Year Ended December 31, 2009 | ONTARIO BUSINESS | | TOTAL COMPANY | | | | |
|---|---|---|---|---|---|---|---|
| | Direct Written Premiums | Direct Claims Incurred | Total Assets | Total Liabilities | Excess of assets over liabilities | Claims Incurred to earned premium | Net Income/ (Loss) |
| (In Thousands) | $ | $ | $ | $ | $ | % | $ |
| The North Waterloo Farmers Mutual Insurance Company | 62,417 | 38,149 | 115,724 | 83,810 | 31,914 | 59% | 3,162 |
| The Personal Insurance Company | 322,736 | 259,088 | 1,297,184 | 1,026,765 | 270,419 | 76% | 17,920 |
| The Portage La Prairie Mutual Insurance Company | 30,150 | 15,341 | 328,717 | 210,574 | 118,143 | 63% | 10,040 |
| The Sovereign General Insurance Company | 62,530 | 52,870 | 636,676 | 488,215 | 148,461 | 61% | 10,694 |
| The Wawanesa Mutual Insurance Company | 495,803 | 466,703 | 5,148,782 | 3,145,580 | 2,003,202 | 78% | 99,588 |
| Traders General Insurance Company | 334,741 | 230,026 | 1,264,895 | 1,069,066 | 195,829 | 78% | 1,508 |
| Trafalgar Insurance Company of Canada | 148,301 | 128,471 | 748,106 | 555,274 | 192,832 | 71% | 18,859 |
| Travelers Guarantee Company of Canada | 74,610 | 12,913 | 790,136 | 527,087 | 263,049 | 24% | 40,850 |
| Trisura Guarantee Insurance Company | 18,994 | 4,408 | 76,651 | 43,527 | 33,124 | 27% | 3,217 |
| Unifund Assurance Company | 407,549 | 364,942 | 1,412,911 | 1,165,828 | 247,083 | 77% | (847) |
| Waterloo Insurance Company | 79,725 | 57,851 | 336,218 | 280,456 | 55,762 | 77% | 1,638 |
| Western Assurance Company | 102,026 | 66,928 | 684,245 | 564,200 | 120,045 | 60% | 15,773 |
| Western Surety Company | 2,467 | 192 | 35,442 | 18,949 | 16,493 | 14% | 1,136 |
| XI Insurance Company Limited | 45,670 | 28,980 | 488,682 | 320,818 | 167,864 | 56% | 22,642 |
| Zenith Insurance Company | 49,738 | 33,919 | 184,416 | 108,862 | 75,554 | 64% | 6,789 |
| | 13,777,742 | 11,036,177 | 87,377,848 | 64,062,457 | 23,315,391 | | 1,540,993 |
| BRANCH | | | | | | | |
| Affiliated FM Insurance Company | 29,609 | 11,226 | 194,507 | 114,169 | 80,338 | 57% | 11,865 |
| Allianz Global Risks US Insurance Company | 87,752 | 22,807 | 603,342 | 463,551 | 139,791 | 70% | 18,205 |
| Allstate Insurance Company | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| American Bankers Insurance Company of Florida | 160,194 | 25,477 | 374,330 | 212,352 | 161,978 | 24% | 12,033 |
| Arch Insurance Company | 28,693 | 6,536 | 165,651 | 121,518 | 44,133 | 55% | 5,485 |
| Associated Electric & Gas Insurance Services Limited | 4,666 | 2,255 | 94,301 | 44,326 | 49,975 | 44% | 6,155 |
| Atradius Credit Insurance N.V. | 2,322 | 1,019 | 21,468 | 15,553 | 5,915 | 37% | (1,204) |
| Aviation & General Insurance Company Limited | 0 | 0 | 0 | 0 | 0 | n/a | 0 |

# Property & Casualty Insurance Companies

| | Financial Summary Year Ended December 31, 2009 | ONTARIO BUSINESS | | TOTAL COMPANY | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Direct Written Premiums | Direct Claims Incurred | Total Assets | Total Liabilities | Excess of assets over liabilities | Claims Incurred to earned premium | Net Income/ (Loss) |
| | (In Thousands) | $ | $ | $ | $ | $ | % | $ |
| | Aviva International Insurance Limited | (8) | (521) | 28,632 | 3,087 | 25,545 | n/a | 385 |
| | Berkley Insurance Company | 7,404 | 1,517 | 55,920 | 24,987 | 30,933 | 55% | (1,845) |
| | Centennial Insurance Company | 0 | 22 | 11,037 | 558 | 10,479 | n/a | 13 |
| | Chicago Title Insurance Company | 6,961 | 5,956 | 38,647 | 15,201 | 23,446 | 65% | (2,141) |
| | Chrysler Insurance Company | 544 | (1,259) | 24,648 | 11,713 | 12,935 | -0% | 2,719 |
| | Compagnie Francaise d'assurance pour le commerce exterieur | 10,330 | 8,423 | 61,383 | 37,351 | 24,032 | 59% | (1,570) |
| | Continental Casualty Company | 91,449 | 36,670 | 1,005,605 | 686,009 | 319,596 | 53% | 46,602 |
| | Eagle Star Insurance Company Limited | (2) | (209) | 17,070 | 6,182 | 10,888 | n/a | 542 |
| | Ecclesiastical Insurance Office Public Limited Company | 12,454 | 11,578 | 133,633 | 76,298 | 57,335 | 51% | 2,446 |
| | Electric Insurance Company | 2,010 | 1,708 | 22,236 | 11,924 | 10,312 | 113% | (315) |
| | Employers Insurance Company of Wausau | 0 | 184 | 33,932 | 5,138 | 28,794 | n/a | 632 |
| | Euler American Credit Indemnity Company | 17,764 | 13,900 | 100,851 | 56,239 | 44,512 | 42% | 4,883 |
| | Factory Mutual Insurance Company | 87,131 | 2,628 | 761,785 | 355,688 | 406,097 | 6% | 122,235 |
| | Federal Insurance Company | 1,359 | 2,489 | 127,615 | 38,148 | 89,467 | n/a | 10,491 |
| | First American Title Insurance Company | 8,318 | 969 | 38,192 | 19,231 | 18,961 | 25% | 2,079 |
| | General Reinsurance Corporation | 0 | 0 | 447,995 | 319,831 | 128,164 | 19% | 21,108 |
| | Great American Insurance Company | 19,233 | 15,195 | 267,969 | 151,183 | 116,786 | 54% | (6,413) |
| | Great American Insurance Company of New York | 0 | (28) | 2,125 | 102 | 2,023 | n/a | 88 |
| | Hartford Fire Insurance Company | 5,588 | 1,606 | 256,732 | 54,026 | 202,706 | 55% | 10,385 |
| 14 | Icarom Public Limited Company | 0 | 12 | 3,244 | 563 | 2,681 | n/a | (69) |
| | Jewelers Mutual Insurance Company | 2,723 | 2,223 | 8,811 | 3,203 | 5,608 | 83% | (794) |
| | Lawyers Title Insurance Corporation | 18 | (656) | 6,807 | 278 | 6,529 | n/a | 1,404 |
| | Liberty Mutual Insurance Company | 74,972 | 41,566 | 1,201,220 | 579,794 | 621,426 | 39% | 63,233 |
| | Lloyd's Underwriters | 442,549 | 242,986 | 3,728,625 | 2,515,516 | 1,213,109 | 47% | 391,046 |
| 15 | Lumbermens Mutual Casualty Company | (2) | (522) | 9,819 | 915 | 8,904 | n/a | 840 |
| | Mitsui Sumitomo Insurance Company, Limited | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| | Motors Insurance Corporation | 154,346 | 108,863 | 691,846 | 427,748 | 264,098 | 59% | 57,155 |
| | Munich Reinsurance America, Inc. | 0 | (1,170) | 246,753 | 115,205 | 131,548 | 168% | (9,321) |

# Property & Casualty Insurance Companies

| | | ONTARIO BUSINESS | | TOTAL COMPANY | | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 (In Thousands) | Direct Written Premiums $ | Direct Claims Incurred $ | Total Assets $ | Total Liabilities $ | Excess of assets over liabilities $ | Claims Incurred to earned premium % | Net Income/ (Loss) $ |
| | National Liability & Fire Insurance Company | 5,474 | (2,756) | 363,023 | 170,690 | 192,333 | 43% | 48,380 |
| | Nipponkoa Insurance Company, Limited | 911 | 394 | 32,717 | 3,641 | 29,076 | 9% | 1,201 |
| 16 | North American Specialty Insurance Company | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| | Pearl Assurance Public Limited Company | 0 | 6 | 1,835 | 453 | 1,382 | n/a | (54) |
| 17 | Progressive Casualty Insurance Company | 0 | 1,956 | 21,974 | 8,933 | 13,041 | -81% | (386) |
| | Protective Insurance Company | 224 | 78 | 8,851 | 596 | 8,255 | 56% | 4 |
| 18 | Reliance Insurance Company | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| | Security Insurance Company of Hartford | 133 | (3,146) | 105,538 | 35,746 | 69,792 | n/a | 4,106 |
| | Sentry Insurance A Mutual Company | 736 | 347 | 34,070 | 6,104 | 27,966 | 44% | 761 |
| | Sompo Japan Insurance Inc. | 3,212 | 390 | 43,762 | 8,132 | 35,630 | 49% | 989 |
| | St. Paul Fire and Marine Insurance Company | 76,301 | 63,165 | 1,334,021 | 720,787 | 613,234 | 43% | 70,551 |
| | State Farm Fire and Casualty Company | 395,903 | 274,138 | 1,112,280 | 652,752 | 459,528 | 73% | 19,683 |
| | State Farm Mutual Automobile Insurance Company | 1,228,046 | 1,399,124 | 4,789,724 | 3,444,854 | 1,344,870 | 111% | (220,283) |
| | Stewart Title Guaranty Company | 54,849 | 24,067 | 151,702 | 91,378 | 60,324 | 44% | 8,487 |
| | T.H.E. Insurance Company | 22 | (43) | 2,960 | 298 | 2,662 | -134% | 25 |
| | The American Road Insurance Company | 1,454 | 1,079 | 23,267 | 2,985 | 20,282 | 51% | 2,023 |
| | The British Aviation Insurance Company Limited | (4) | 29 | 4,354 | 1,144 | 3,210 | 155% | (495) |
| 19 | The Hanover Insurance Company | 0 | 0 | 3,143 | 50 | 3,093 | n/a | (73) |
| 20 | The Home Insurance Company | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| 21 | TIG Insurance Company | 0 | (54) | 35,702 | 3,946 | 31,756 | n/a | 1,468 |
| | Tokio Marine & Nichido Fire Insurance Co., Ltd. | 11,589 | 5,059 | 117,824 | 74,819 | 43,005 | 84% | (1,826) |
| | Triton Insurance Company | 15,595 | 10,158 | 291,946 | 142,574 | 149,372 | 32% | 21,829 |
| 22 | Uap-Newrotterdam Insurance Company N.V. | 0 | 805 | 2,805 | 82 | 2,723 | n/a | (898) |
| 23 | Utica Mutual Insurance Company | 0 | 142 | 6,725 | 2,199 | 4,526 | n/a | 44 |
| | Virginia Surety Company, Inc. | 3,000 | 457 | 42,809 | 11,200 | 31,609 | 97% | (224) |

# Property & Casualty Insurance Companies

| | ONTARIO BUSINESS | | TOTAL COMPANY | | | | |
|---|---|---|---|---|---|---|---|
| Financial Summary Year Ended December 31, 2009 (In Thousands) | Direct Written Premiums $ | Direct Claims Incurred $ | Total Assets $ | Total Liabilities $ | Excess of assets over liabilities $ | Claims Incurred to earned premium % | Net Income/ (Loss) $ |
| Westport Insurance Corporation | 28,201 | 23,837 | 565,860 | 417,371 | 148,489 | 51% | 3,991 |
| XI Reinsurance America Inc. | 18,479 | 13,777 | 472,198 | 287,556 | 184,642 | 70% | 18,072 |
| Zurich Insurance Company Ltd | 350,399 | 239,536 | 2,745,167 | 2,030,254 | 714,913 | 76% | 65,740 |
| | 3,452,901 | 2,615,995 | 23,100,988 | 14,606,131 | 8,494,857 | | 811,472 |
| **TOTAL** | **18,345,595** | **14,461,536** | **117,094,234** | **83,331,973** | **33,762,261** | | **2,441,830** |

# Life Insurance Companies

| Financial Summary Year Ended December 31, 2009 | ONTARIO BUSINESS | | TOTAL COMPANY | | | |
|---|---|---|---|---|---|---|
| | Direct Written Premiums | Benefits And Payments To Policyholders | Total Assets | Total Liabilities | Excess of assets over liabilities | Net Income/ (Loss) |
| (In Thousands) | $ | $ | $ | $ | $ | $ |
| ONTARIO | | | | | | |
| CT Financial Assurance Company | 3,247 | 1,253 | 32,975 | 21,774 | 11,201 | 560 |
| Union of Canada Life Insurance | 811 | 620 | 82,492 | 70,447 | 12,045 | 148 |
| | 4,058 | 1,873 | 115,467 | 92,221 | 23,246 | 708 |
| EXTRA PROVINCIAL | | | | | | |
| Acadia Life | 28 | 8 | 75,294 | 50,724 | 24,570 | (1,220) |
| Assumption Mutual Life Insurance Company | 13,044 | 8,397 | 567,259 | 479,258 | 88,001 | 6,346 |
| AXA Insurance | 24,924 | 7,146 | 784,200 | 671,063 | 113,137 | 11,924 |
| Canassurance Insurance Company | 3,286 | 1,242 | 86,863 | 54,157 | 32,706 | 385 |
| Desjardins Financial Security Life Assurance Company | 556,865 | 478,363 | 14,371,958 | 13,334,252 | 1,037,706 | 192,771 |
| First Canadian Insurance Corporation | 15,034 | 2,148 | 282,021 | 162,383 | 119,638 | 17,045 |
| Industrial Alliance Insurance and Financial Services Inc. | 769,123 | 503,980 | 15,007,920 | 12,840,667 | 2,167,253 | 219,641 |
| L'Entraide Assurance Mutual Company | 0 | 0 | 77,498 | 67,222 | 10,276 | 188 |
| La Capitale Insurance and Financial Services Inc. | 5,593 | 3,424 | 231,932 | 179,595 | 52,337 | 5,000 |
| La Survivance, compagnie mutuelle d'assurance vie | 1,672 | 168 | 213,405 | 175,529 | 37,876 | 4,367 |
| National Bank Life Insurance Company | 11,585 | 2,976 | 167,879 | 65,579 | 102,300 | 20,625 |
| Promutuel Life Inc. | 1 | 0 | 8,372 | 1,853 | 6,519 | (813) |
| SSQ, Life Insurance Company Inc. | 149,084 | 87,044 | 2,365,863 | 2,084,363 | 281,500 | 35,022 |
| The International Life Insurance Company | 0 | 0 | 29,088 | 9,956 | 19,132 | 2,572 |
| The Union Life, A Mutual Assurance Company | 4,640 | 301 | 692,844 | 570,416 | 122,428 | 13,868 |
| Trans Global Life Insurance Company | 3,589 | 238 | 8,863 | 2,344 | 6,519 | 944 |
| | 1,558,468 | 1,095,435 | 34,971,259 | 30,749,361 | 4,221,898 | 528,665 |
| FEDERAL | | | | | | |
| ACE INA Life Insurance | 56,764 | 7,694 | 112,267 | 54,124 | 58,143 | 13,406 |
| Allstate Life Insurance Company of Canada | 0 | 0 | 3,719 | 22 | 3,697 | 58 |
| Assurant Life Of Canada | 77,949 | 25,379 | 812,834 | 742,337 | 70,497 | (31,970) |
| Blue Cross Life Insurance Company of Canada | 26,970 | 14,895 | 367,165 | 282,825 | 84,340 | 4,719 |
| BMO Life Assurance Company | 398,954 | 148,075 | 3,897,106 | 3,528,361 | 368,745 | 13,035 |
| BMO Life Insurance Company | 23,374 | 1,956 | 436,991 | 31,484 | 405,507 | 39,824 |
| Canadian Premier Life Insurance Company | 94,112 | 20,278 | 176,176 | 72,500 | 103,676 | 22,375 |

# Life Insurance Companies

| | ONTARIO BUSINESS | | TOTAL COMPANY | | | |
|---|---|---|---|---|---|---|
| Financial Summary Year Ended December 31, 2009 (In Thousands) | Direct Written Premiums $ | Benefits And Payments To Policyholders $ | Total Assets $ | Total Liabilities $ | Excess of assets over liabilities $ | Net Income/ (Loss) $ |
| CIBC Life Insurance Company Limited | 17,404 | 5,288 | 30,599 | (68,282) | 98,881 | 14,864 |
| CIGNA Life Insurance Company of Canada | 0 | 2,207 | 41,272 | 25,673 | 15,599 | 2,379 |
| Compcorp Life Insurance Company | 0 | 0 | 10,000 | 354 | 9,646 | (48) |
| 25 Confederation Life Insurance Company | 0 | 0 | 0 | 0 | 0 | 0 |
| Co-operators Life Insurance Company | 278,240 | 192,782 | 2,630,383 | 1,954,186 | 676,197 | 16,801 |
| Crown Life Insurance Company | 0 | 0 | 448,064 | 367,286 | 80,778 | 5,063 |
| Cumis Life Insurance Company | 77,921 | 52,039 | 596,235 | 529,451 | 66,784 | 4,294 |
| Industrial Alliance Pacific Life Insurance Company | 89,794 | 45,479 | 2,689,876 | 2,295,397 | 394,479 | 49,989 |
| London Life Insurance Company | 1,303,683 | 1,198,931 | 24,835,435 | 22,022,818 | 2,812,617 | 396,399 |
| Manulife Canada Ltd. | 31,649 | 13,944 | 1,401,356 | 1,128,870 | 272,486 | 46,656 |
| MD Life Insurance Company | 0 | 0 | 70,427 | 27,068 | 43,359 | 9,705 |
| Penncorp Life Insurance Company | 23,951 | 7,990 | 353,270 | 259,526 | 93,744 | 7,957 |
| Primerica Life Insurance Company of Canada | 117,000 | 39,619 | 627,217 | 18,843 | 608,374 | 101,437 |
| Rbc Life Insurance Company | 507,282 | 261,899 | 6,149,892 | 4,622,671 | 1,527,221 | 118,798 |
| Reliable Life Insurance Company | 28,393 | 12,626 | 52,891 | 23,528 | 29,363 | 956 |
| Scotia Life Insurance Company | 15,483 | 2,873 | 76,622 | (3,080) | 79,702 | 12,041 |
| Sun Life Assurance Company of Canada | 3,556,529 | 3,092,605 | 73,419,938 | 62,907,871 | 10,512,067 | 714,707 |
| Sun Life Insurance (Canada) Limited | 119,759 | 10,489 | 11,137,092 | 9,815,044 | 1,322,048 | 272,294 |
| TD Life Insurance Company | 38,217 | 12,250 | 50,624 | 8,189 | 42,435 | 2,090 |
| The Canada Life Assurance Company | 1,694,131 | 1,360,511 | 22,397,733 | 14,225,178 | 8,172,555 | 1,039,748 |
| The Canada Life Insurance Company of Canada | 0 | 0 | 8,835,176 | 8,044,780 | 790,396 | 143,027 |
| The Empire Life Insurance Company | 469,717 | 270,269 | 4,411,783 | 3,599,917 | 811,866 | 50,732 |
| The Equitable Life Insurance Company Of Canada | 278,702 | 156,124 | 1,317,606 | 1,047,963 | 269,643 | 29,648 |
| The Great-West Life Assurance Company | 2,307,649 | 1,806,011 | 26,958,975 | 15,254,326 | 11,704,649 | 1,743,310 |
| The Manufacturers Life Insurance Company | 4,823,803 | 3,411,243 | 80,452,512 | 49,021,318 | 31,431,194 | 2,725,655 |
| The Standard Life Assurance Company of Canada | 758,537 | 782,528 | 17,209,995 | 15,826,098 | 1,383,897 | 110,397 |
| The Wawanesa Life Insurance Company | 17,253 | 11,365 | 546,934 | 434,947 | 111,987 | 3,732 |
| Transamerica Life Canada | 278,201 | 174,009 | 6,440,120 | 5,547,544 | 892,576 | 86,967 |
| Unity Life of Canada | 82,453 | 42,646 | 992,373 | 909,503 | 82,870 | 8,985 |
| Western Life Assurance Company | 19,196 | 7,975 | 80,318 | 55,679 | 24,639 | 4,041 |
| | 17,613,070 | 13,191,979 | 300,070,976 | 224,614,319 | 75,456,657 | 7,784,071 |

# Life Insurance Companies

| | | ONTARIO BUSINESS | | TOTAL COMPANY | | | |
|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 | Direct Written Premiums | Benefits And Payments To Policyholders | Total Assets | Total Liabilities | Excess of assets over liabilities | Net Income/ (Loss) |
| | (In Thousands) | $ | $ | $ | $ | $ | $ |
| | BRANCH | | | | | | |
| | Aetna Life Insurance Company | 686 | 1,071 | 59,997 | 16,327 | 43,670 | 1,540 |
| | Allianz Life Insurance Company of North America | 3,652 | 1,462 | 93,733 | 23,099 | 70,634 | 8,635 |
| | American Bankers Life Assurance Company Of Florida | 125,152 | 12,434 | 236,296 | 95,877 | 140,419 | 15,807 |
| | American Health And Life Insurance Company | 5,783 | 2,342 | 115,065 | 27,155 | 87,910 | 15,493 |
| | American Income Life Insurance Company | 22,459 | 4,271 | 167,686 | 53,674 | 114,012 | 23,776 |
| | Amex Assurance Company | 0 | 0 | 6,148 | 37 | 6,111 | 67 |
| | AXA Equitable Life Insurance Company | 43 | 106 | 89,110 | 23,828 | 65,282 | 10,422 |
| | Combined Insurance Company of America | 40,075 | 11,202 | 543,011 | 204,182 | 338,829 | 61,938 |
| | Connecticut General Life Insurance Company | 3,199 | 2,674 | 98,506 | 63,505 | 35,001 | 13,795 |
| | CUNA Mutual Insurance Society | 150 | 451 | 21,248 | 14,610 | 6,638 | 636 |
| 26 | First Allmerica Financial Life Insurance Company | 8 | 9 | 2,216 | 1,283 | 933 | 196 |
| | General American Life Insurance Company | 0 | 0 | 1,256,211 | 495,820 | 760,391 | (10,512) |
| | Gerber Life Insurance Company | 1,524 | 154 | 24,933 | 9,013 | 15,920 | 1,034 |
| | Hartford Life Insurance Company | 0 | 196 | 23,724 | 3,588 | 20,136 | 787 |
| | Household Life Insurance Company | 10,351 | 3,977 | 181,830 | 47,658 | 134,172 | 14,522 |
| | Liberty Life Assurance Company of Boston | 206 | 122 | 15,395 | 2,252 | 13,143 | 395 |
| | Life Insurance Company of North America | 2,439 | 2,097 | 44,976 | 23,887 | 21,089 | 1,639 |
| | Massachusetts Mutual Life Insurance Company | 562 | 3,648 | 48,928 | 18,657 | 30,271 | 2,594 |
| | Metlife Canada | 334 | 10,244 | 47,205 | 13,183 | 34,022 | (7,371) |
| 27 | Metropolitan Life Insurance Company | 0 | 0 | 220,016 | 67,417 | 152,599 | (18,309) |
| | Minnesota Life Insurance Company | 155 | 9 | 6,148 | 38 | 6,110 | 153 |
| | New York Life Insurance Company | 26,596 | 31,017 | 339,898 | 110,410 | 229,488 | 11,826 |
| | Phoenix Life Insurance Company | 0 | 27 | 2,230 | 301 | 1,929 | (14) |
| | Principal Life Insurance Company | 328 | 228 | 8,374 | 5,696 | 2,678 | 20 |
| | Reassure America Life Insurance Company | 3 | 11 | 6,633 | 5,249 | 1,384 | (85) |
| | Standard Life Assurance Limited | 12,701 | 65,294 | 56,374 | 50,536 | 5,838 | 59 |
| | State Farm International Life Insurance Company Ltd | 112,011 | 53,683 | 1,155,588 | 928,730 | 226,858 | 32,926 |

# Life Insurance Companies

| | | ONTARIO BUSINESS | | TOTAL COMPANY | | | |
|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 | Direct Written Premiums | Benefits And Payments To Policyholders | Total Assets | Total Liabilities | Excess of assets over liabilities | Net Income/ (Loss) |
| | (In Thousands) | $ | $ | $ | $ | $ | $ |
| 28 | The Prudential Insurance Company of America | 0 | 0 | 37,209 | 0 | 37,209 | 193 |
| 29 | The Standard Life Assurance Company 2006 | 0 | 0 | 1,263 | 0 | 1,263 | 22 |
| | United American Insurance Company | 280 | 212 | 11,495 | 4,660 | 6,835 | 197 |
| | | 368,697 | 206,941 | 4,921,446 | 2,310,672 | 2,610,774 | 182,381 |
| | **Total** | **19,544,293** | **14,496,228** | **340,079,148** | **257,766,573** | **82,312,575** | **8,495,825** |

# Reinsurance Companies

| | ONTARIO BUSINESS | | | | | TOTAL COMPANY | |
|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 | Premiums Assumed | Net Losses Incurred | Total Assests | Total Liabilities | Excess of assets over liabilities | Claims incurred to earned premium | Net Income/ (loss) |
| | (In Thousands) | $ | $ | $ | $ | $ | % | $ |
| | THIS TABLE LISTS ONLY THOSE COMPANIES WHICH ARE LICENSED SOLELY FOR THE BUSINESS OF REINSURANCE | | | | | | | |
| | ONTARIO | | | | | | | |
| | Farm Mutual Reinsurance Plan Inc. | 115,242 | 62,605 | 655,364 | 506,533 | 148,831 | 93% | 22,643 |
| | Global Reinsurance Company | 5 | 2,840 | 99,279 | 66,426 | 32,853 | n/a | 1,573 |
| | | 115,247 | 65,445 | 754,643 | 572,959 | 181,684 | | 24,216 |
| | EXTRA PROVINCIAL | | | | | | | |
| | Optimum Reassurance Inc. | 36,568 | 6,118 | 347,807 | 290,242 | 57,565 | n/a | 6,938 |
| | FEDERAL | | | | | | | |
| | Aspen Insurance UK Limited | 30,962 | 54,866 | 331,442 | 202,819 | 128,623 | 86% | 1,085 |
| | Aurigen Reinsurance Company | 8,337 | 12,018 | 98,453 | 24,930 | 73,523 | n/a | (2,025) |
| | AXA General Insurance Company | 1,036 | 3,741 | 125,351 | 97,126 | 28,225 | 76% | 3,390 |
| | Munich Reinsurance Company of Canada | 130,809 | 39,719 | 1,180,357 | 909,794 | 270,563 | 72% | 38,229 |
| | RGA Life Reinsurance Company of Canada | 436,565 | 22,085 | 3,622,393 | 3,170,807 | 451,586 | n/a | (2,976) |
| | Scor Canada Reinsurance Company | 83,779 | 91,110 | 506,720 | 339,529 | 167,191 | 77% | 4,991 |
| | Suecia Reinsurance Company | 41 | (19) | 10,094 | 4,126 | 5,968 | -46% | 143 |
| | Swiss Re Life & Health Canada | 321,633 | 48,176 | 3,484,003 | 3,110,601 | 373,402 | n/a | 22,039 |
| | The Mortgage Insurance Company of Canada | 0 | (1,537) | 27,699 | 7,042 | 20,657 | -115% | 2,218 |
| | | 1,013,162 | 270,159 | 9,386,512 | 7,866,774 | 1,519,738 | | 67,094 |
| | BRANCH | | | | | | | |
| | Alea (Bermuda) Ltd. | 22 | 1,075 | 36,869 | 18,965 | 17,904 | n/a | (431) |
| | American Agricultural Insurance Company | 8,155 | 3,912 | 61,270 | 24,017 | 37,253 | 76% | 2,115 |
| | Axis Reinsurance Company | 261 | 1,350 | 38,731 | 16,786 | 21,945 | 69% | (2,687) |
| | Caisse Centrale De Reassurance | 20,787 | 14,453 | 194,380 | 144,921 | 49,459 | 70% | 2,772 |
| | Cavell Insurance Company Limited | 41 | (1,044) | 10,122 | 2,482 | 7,640 | na | 601 |
| 30 | Colisee Re. | 10 | 12,057 | 712,143 | 639,001 | 73,142 | n/a | (10,191) |
| | Converium Reinsurance (North America) Inc. | 1 | (2) | 47,969 | 4,399 | 43,570 | n/a | 652 |
| 31 | Endurance Reinsurance Corporation of America | 112 | (947) | 20,910 | 3,706 | 17,204 | n/a | 2,083 |
| | Everest Reinsurance Company | 94,942 | 31,762 | 796,935 | 544,156 | 252,779 | 62% | 30,964 |
| | General Re Life Corporation | 0 | 0 | 12,231 | 2,385 | 9,846 | n/a | (796) |
| | Hannover Ruckversicherung Ag | 65,094 | 54,647 | 528,427 | 358,290 | 170,137 | 89% | 5,143 |
| | Mapfre Re, Compania De Reaseguros, S.A. | 11,905 | 4,966 | 57,259 | 24,415 | 32,844 | 60% | 2,056 |

# Reinsurance Companies

| | | ONTARIO BUSINESS | | TOTAL COMPANY | | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial Summary Year Ended December 31, 2009 | Premiums Assumed | Net Losses Incurred | Total Assests | Total Liabilities | Excess of assets over liabilities | Claims incurred to earned premium | Net Income/ (loss) |
| | (In Thousands) | $ | $ | $ | $ | $ | % | $ |
| | Munich Reinsurance Company | 2,033,440 | 1,358,673 | 5,602,360 | 3,801,811 | 1,800,549 | n/a | 244,253 |
| 32 | Nationwide Mutual Insurance Company | 0 | 0 | 0 | 0 | 0 | n/a | 0 |
| | NRG Victory Reinsurance Limited | 0 | (293) | 8,076 | 3,879 | 4,197 | n/a | 253 |
| | Odyssey America Reinsurance Corporation | 45,180 | 27,690 | 276,807 | 139,555 | 137,252 | 61% | 16,473 |
| | Paris Re | 32,830 | 19,024 | 776,392 | 629,341 | 147,051 | 92% | 10,242 |
| | Partner Reinsurance Company Ltd. | 10,715 | 8,181 | 262,414 | 163,066 | 99,348 | n/a | 9,795 |
| | Partner Reinsurance Europe Limited | 27,940 | 18,527 | 377,086 | 241,721 | 135,365 | 67% | 10,665 |
| | Reliastar Life Insurance Company | 12,409 | 9,287 | 116,729 | 67,905 | 48,824 | n/a | 4,696 |
| | Scor Global Life | 16,105 | 5,854 | 344,920 | 230,251 | 114,669 | n/a | 1,083 |
| 33 | Seaton Insurance Company | 0 | 0 | 6,496 | 493 | 6,003 | n/a | 113 |
| | Swiss Reinsurance Company Ltd | 486,856 | 39,396 | 3,911,227 | 2,518,564 | 1,392,663 | 56% | 89,532 |
| | The Toa Reinsurance Company of America | 31,486 | 15,999 | 214,796 | 153,435 | 61,361 | 73% | 5,981 |
| | Transatlantic Reinsurance Company | 85,117 | 24,353 | 777,700 | 534,479 | 243,221 | 62% | 21,101 |
| | Westport Insurance Corporation | 62,786 | 43,359 | 1,086,490 | 519,857 | 566,633 | n/a | 67,744 |
| | White Mountains Reinsurance Company of America | 3,252 | (1,246) | 108,841 | 45,781 | 63,060 | 15% | 4,426 |
| | | **3,049,446** | **1,691,033** | **16,387,580** | **10,833,661** | **5,553,919** | | **518,638** |
| | **TOTAL** | **4,214,423** | **2,032,755** | **26,876,542** | **19,563,636** | **7,312,906** | | **616,886** |

# Reciprocal or Interinsurance Exchanges

| Financial Summary Year Ended December 31, 2009 (In Thousands) | ONTARIO BUSINESS Direct Written Premiums $ | Direct Claims Incurred $ | TOTAL COMPANY Total Assets $ | Total Liabilities $ | Excess of assets over liabilities $ | Claims Incurred to earned premium % | Net Income/ (Loss) $ |
|---|---|---|---|---|---|---|---|
| ONTARIO | | | | | | | |
| Canadian Lawyers Liability Assurance Society | 23,675 | 5,653 | 121,351 | 99,709 | 21,642 | 80% | 408 |
| Canadian Universities Reciprocal Insurance Exchange | 10,051 | 1,317 | 98,970 | 66,938 | 32,032 | 36% | 10,992 |
| Community Newspapers Reciprocal Insurance Exchange | 66 | 27 | 720 | 148 | 572 | 27% | (88) |
| Healthcare Insurance Reciprocal of Canada | 122,469 | 92,145 | 661,292 | 489,442 | 171,850 | 91% | 27,987 |
| Municipal Electric Association Reciprocal Insurance Exchange | 9,266 | 8,718 | 64,483 | 24,309 | 40,174 | 39% | 4,029 |
| Ontario Municipal Insurance Exchange | 41,394 | 48,788 | 136,265 | 115,613 | 20,652 | 61% | 13,614 |
| Ontario School Boards' Insurance Exchange | 35,327 | 28,978 | 174,493 | 129,323 | 45,170 | 88% | 4,272 |
| Poultry Insurance Exchange Reciprocal Of Canada | 444 | 367 | 3,957 | 634 | 3,323 | 59% | 108 |
| | 242,692 | 185,993 | 1,261,531 | 926,116 | 335,415 | | 61,322 |
| EXTRA PROVINCIAL | | | | | | | |
| Canadian Airports Reciprocal Insurance Exchange (Carie) | 219 | 2 | 4,323 | 1,649 | 2,674 | -87% | 758 |
| BRANCH | | | | | | | |
| Lumbermen's Underwriting Alliance | 7,159 | 10,057 | 105,612 | 70,229 | 35,383 | 123% | (24,633) |
| **TOTAL** | **250,070** | **196,052** | **1,371,466** | **997,994** | **373,472** | | **37,447** |

# Fraternal Societies

| Financial Summary Year Ended December 31, 2009 | ONTARIO BUSINESS | | TOTAL COMPANY | | | |
|---|---|---|---|---|---|---|
| | Direct Written Premiums | Direct Claims Incurred | Total Assets | Total Liabilities | Excess of assets over liabilities | Net Income/ (Loss) |
| (In Thousands) | $ | $ | $ | $ | $ | $ |
| ONTARIO | | | | | | |
| Guaranteed Funeral Deposits of Canada (Fraternal) | 47,756 | 26,738 | 222,710 | 219,926 | 2,784 | (274) |
| Toronto Police Widows and Orphans Fund | 1,594 | 2,297 | 71,776 | 63,616 | 8,160 | (339) |
| | 49,350 | 29,035 | 294,486 | 283,542 | 10,944 | (613) |
| FEDERAL | | | | | | |
| ACTRA Fraternal Benefit Society | 7,491 | 4,816 | 64,200 | 42,858 | 21,342 | (1,613) |
| Faithlife Financial | 13,374 | 15,394 | 305,441 | 268,934 | 36,507 | 1,346 |
| Sons of Scotland Benevolent Association | 1,229 | 435 | 12,558 | 9,805 | 2,753 | (421) |
| Teachers Life Insurance Society (Fraternal) | 8,943 | 4,849 | 49,943 | 39,706 | 10,237 | 1,322 |
| The Grand Orange Lodge of British America | 1,372 | 967 | 22,847 | 19,195 | 3,652 | (51) |
| The Independent Order of Foresters | 16,243 | 22,794 | 4,408,911 | 3,051,595 | 1,357,316 | 95,658 |
| The Order of Italo-Canadians | 21 | 44 | 1,502 | 1,097 | 405 | 5 |
| Ukrainian Fraternal Society of Canada | 15 | 80 | 7,046 | 5,924 | 1,122 | (11) |
| Ukrainian Mutual Benefit Association of St. Nicholas of Canada | 3 | 30 | 4,970 | 3,981 | 989 | (105) |
| | 48,691 | 49,409 | 4,877,418 | 3,443,095 | 1,434,323 | 96,130 |
| BRANCH | | | | | | |
| ACA Assurance | 167 | 0 | 7,189 | 525 | 6,664 | (1,049) |
| Croatian Fraternal Union of America | 403 | 256 | 13,105 | 10,294 | 2,811 | (151) |
| Knights of Columbus | 108,496 | 48,607 | 2,002,759 | 1,643,230 | 359,529 | 100,627 |
| The Royal Arcanum, Supreme Council of | 277 | 241 | 13,982 | 10,138 | 3,844 | 387 |
| Ukrainian National Association | 46 | 89 | 10,697 | 6,228 | 4,469 | 159 |
| United Commercial Travelers of America, Order of | 35 | 28 | 5,321 | 3,638 | 1,683 | (231) |
| Woman's Life Insurance Society | 200 | 570 | 11,085 | 8,243 | 2,842 | 648 |
| | 109,624 | 49,791 | 2,064,138 | 1,682,296 | 381,842 | 100,390 |
| TOTAL | 207,665 | 128,235 | 7,236,042 | 5,408,933 | 1,827,109 | 195,907 |

# Financial Summary Notes

1 The company has a licence condition not to undertake or renewinsurance contracts in Ontario after June 8, 1994.

2 No financial information was reported for Markham General Insurance Company in 2009. The company was ordered into liquidation effective July 24, 2002.

3 The company's licence is limited to automobile risks of Toronto Transit Commission.

4 No financial information was reported for Alta Surety Company in 2009. Company has been in liquidation since June 2002.

5 The former name of Canada Guaranty Mortgage Insurance Company was AIG United Guaranty Mortgage Insurance Company of Canada.

6 The former name of Chartis Insurance Company of Canada was AIG Commercial Insurance Company of Canada.

7 The company has a licence condition not to undertake or renew insurance contracts in Ontario after October 25, 1993.

8 The company has a licence condition not to undertake or renew insurance contracts in Ontario after January 1, 1986.

9 No financial information was reported for Granite Insurance Company in 2009. Company has been inactive since November 1992.

10 The former name of Intact Insurance Company was ING Insurance Company of Canada.

11 The former name of Novex Insurance Company was ING Novex Insurance Company of Canada.

12 The company has a licence condition not to undertake or renew insurance contracts in Ontario after May 30, 1995.

13 The company has a licence condition not to undertake or renew insurance contracts in Ontario after July 18, 1995. No financial information was reported in 2009.

14 The company has a licence condition not to undertake or renew insurance contracts in Ontario after October 31, 1985.

15 The company has a licence condition not to undertake or renew insurance contracts in Ontario after July 11, 2003.

16 No financial information was reported for North American Specialty Insurance Company.

17 The company has a licence condition not to undertake or renew insurance contracts in Ontario after January 9, 2006.

18 No financial information was reported for Reliance Insurance Company in 2009. Company has been in liquidation since August 2001.

19 The company has a licence condition not to undertake or renew insurance contracts in Ontario after October 20, 1992.

20 No financial information was reported for The Home Insurance Company in 2009. Company has been in liquidation since November 1997.

21 The company has a licence condition not to undertake or renew insurance contracts in Ontario after June 20, 2007.

22 The company has a licence condition not to undertake or renew insurance contracts in Ontario after June 5, 1996.

23 The company has a licence condition not to undertake or renew insurance contracts in Ontario after November 20, 2006.

24 The former name of BMO Life Assurance Company was AIG Life Insurance Company of Canada.

25 No financial information was reported in 2009 for Confederation Life Insurance Company. Company has licence condition not to take on new contracts and it is being wound up.

26 The company has a licence condition limited to servicing insurance contracts issued prior to June 1, 2009

27 The company has a licence condition not to undertake or renew insurance contracts in Ontario after March 9, 2006.

28 The company has a licence condition not to undertake or renew insurance contracts in Ontario after August 8, 2007.

29 The company has a licence condition limited to servicing existing insurance contracts.

30 The former name of Colisee Re. was AXA RE.

31 The company has a licence condition limited to servicing insurance contracts issued prior to November 14, 2006.

32 The company has a licence condition not to undertake or renew insurance contracts in Ontario after March 27, 2006.

33 The company has a licence condition not to undertake or renew insurance contracts in Ontario after October 31, 1989.

# Notes

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Financial Services
Commission
of Ontario

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